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**Managing People in the Voluntary and
Not-for-Profit Sector in Britain and Canada**

by

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A thesis submitted in partial fulfilment of the requirements for
the degree of Doctor of Philosophy

University of Warwick, Warwick Business School

August 2000

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ABSTRACT

This dissertation set out to examine two quite separate but interrelated issues. First, it explored the comparative history of charity in the UK and Canada, and attempted to calculate the size of the footprint history has left on today's nonprofit sector management. Secondly, the dissertation set out to explore how human resources are managed in each country's voluntary sector, mainly through a comparative analysis of 26 case studies. Four broad questions were articulated in Chapter One which go to the heart of these issues. The first two, which deal with the history, have links to the last two, which deal with the human resources agenda.

Twenty-six voluntary organisations were chosen for the study. Thirteen British organisations were matched with thirteen Canadian ones in areas such as health care, social services and international development. The researcher used a qualitative methodology -- an open-ended questionnaire and interviews with key informants about HRM practices. Documents such as leaflets, annual reports, and recruitment kits were collected.

There are two consistent themes that run through this research. First, the rate of change in the voluntary sector is profound. From concerns expressed in the mid-20th century that the sector would be seriously eroded by the state, there is now the idea that voluntary sector provision will be taking the place of state provision in some areas in years to come.

A second theme is size. The size of organisations within the voluntary sector predict many things from the level of service, to management, to how human resources are managed. On the face of it, large size voluntary organisations offer the prospects of more systematic and equitable HR policies. But with size come problems such as bureaucracy, inflexibility and loss of personal stake (and personal service) in an organisation. Yet it is the individualised service and community-based support which ensures the sector's uniqueness and longevity.

CHAPTER 1 ~ INTRODUCTION

The primary focus of this dissertation is the comparative analysis of various aspects of human resource management in nonprofit organisations in Britain and Canada. It reports on fieldwork research conducted in thirteen case study organisations in each of the countries. As there is relatively little published research in this area – and very few two-country comparative studies – the dissertation is inevitably exploratory and speculative. Moreover, the empirical findings on nonprofit human resource management policies - especially recruitment and selection, training, appraisal and promotion, discipline and compensation - have to be contextualised by a comparative historical analysis of the evolution of the voluntary sectors in the two countries. This comprises the second focus of the dissertation.

The first three substantive chapters are based on a systematic analysis of the secondary literature on the nature and evolution of the voluntary and nonprofit sector. Chapter Two provides a theoretical and conceptual overview of the origins of the sector and its complex and changing relationship with state provision of social and other services. Chapters Three and Four develop some of these themes in a detailed and comparative analysis of the historical evolution of the nonprofit sectors in Britain and Canada respectively. It can be argued that important differences in the historical experience of the two countries has influenced the structure and values of nonprofit organisations and left an imprint on their contemporary human resource management policies.

It is important to understand why the study of the nonprofit sector is significant. In terms of providing human services in today's mixed economy, the commercial or for-profit and the statutory sectors play significant roles. But nonprofit

organisations also play a valuable role which has come to be known as the third sector.

In Britain and in Canada, the state is devolving more and more of the management and day-to-day delivery of work in the human services to agencies and organisations beyond the sphere of government and local authorities (Smith and Lipsky 1994: 4-5; Deakin 1995: 61-2, Kramer 1981: 285-6; Hall and Reed 1998: 2-3; Johnson 1981: 142-3). Governments are trying to limit their roles as direct health care and social service providers and restore those tasks to the hands of those in the 'caring' community (Kendall and Knapp 1996: 6-7). Like many political decisions, this can be seen as good and bad. More local or independent control of public services could mean improved services, more creative and hands-on styles of management and less bureaucracy. On the other hand, without the professional managers in local or central government, without paid staff bound to jobs because of specialised training and career commitment, and without the financial and political accountability which is built in to the public service -- devolving these services and retaining quality or consistency could prove difficult.

The important question becomes who will provide these services? The answer, increasingly, seems to be that the informal sector (friends and families) along with voluntary organisations should do some of this work. But the informal sector is only as strong and reliable as the families and the community are. It is clear that this kind of help can change or even vanish depending on the resources in the families or community -- so there are limits on what the informal sector can take on. Do voluntary organisations have the expertise, the structure, the trained staff and the ability to perform vital social services?

“...We are seeing funders – especially central and local government – creating a supermarket social economy, as they develop a coherent brand image for their social policies, with voluntary organisations as suppliers, delivering services the funders want at prices they are prepared to pay.” (Eisenstadt and Dartington 1993: 4)

On the other hand, some critics claim that the voluntary sector will eventually become subsumed by social welfare services (*ibid.*). There is also the concern that voluntary organisations will cannibalise themselves, in other words, that interest groups within large organisations will hive off their own bits and create different agencies to address their own narrower concerns (*ibid.*). This could mean smaller and under-resourced organisations will become the mainstay of the voluntary sector.

Voluntary organisations are a relatively new field of academic study. Known as ‘charities’ many voluntary organisations were once based on religion. Though religion has remained at the core of some voluntary organisations, the sector itself has broadened hugely. There are more than 350,000 voluntary organisations in Britain (Handy 1988: 3), nearly half of them are registered charities (Kendall and Knapp 1996: 5). In Canada, there are more than 175,000 voluntary organisations, and more than 78,000 registered charities (Government of Canada/Voluntary Sector Joint Initiative 1999: 16). It is a diverse and a multi-faceted sector which has grown significantly since World War II. This growth might be considered surprising given that the same time period, the 1940s, marked the creation of the welfare state in both Britain and Canada (see Ch. 3 and 4).

Definitions

According to O’Neill (1989: 2), the most familiar definitions of voluntary organisations include two negative aspects: voluntary organisations are not part of

government and are non profit-making. Voluntary organisations are often

“characterized as philanthropic, charitable, or ‘public benefit’ organizations. They are private organizations serving a public purpose (*ibid.*).

A more complete definition has been articulated by an international team of researchers who form the Johns Hopkins Comparative Nonprofit Sector Project. They have come up with five criteria which help define voluntary organisations. First a voluntary organisation needs to be an organised group; second it must be private, not affiliated with government; third, it cannot return any profits accrued to its directors; fourth, a voluntary organisation must be self-governing and fifth, it requires significant voluntary involvement in either administration or carrying out its mandate (Salamon and Anheier 1996: 1-2)

These are two of the many ways to define the voluntary sector. The sector is diverse, large and lacking an effective or agreed-upon classification system. There have been many attempts to classify organisations along the lines of function, size, structure, mission, numbers of employees or volunteers, importance to society and status within the community. To further muddy the waters on classification, substantive issues arise including whether voluntary organisations should rely on voluntary labour or professional staff (Kendall and Knapp 1995: 68); distinctions between philanthropic and self-help or mutual aid organisations (Handy 1988: 10) and the role of ‘intermediate organisations’¹ (Ware 1989: 31-2). These differences are further explored in Chapter Two, but despite these differences, voluntary organisations have four common characteristics.

¹ Called ‘umbrella organisations’ in Canada.

First, they are country and community specific. Though there are organisations which may have branches in other countries (like Amnesty International, Oxfam or the Salvation Army), voluntary organisations need to be based in a country or a community so they can draw the needed donations and volunteers from their own environment. Also the organisation's mission or focus of activity takes on a different emphasis in a different cultural environment. For example, Oxfam-Canada focuses on social justice issues, native people and agrarian reform in Canada, while Oxfam-UK concentrates on development issues in the Third World.

Second, voluntary organisations, by their very nature, have relationships with their funders and with the state, yet they must remain independent of state control (Hedley 1995: 109; Gladstone 1979: 4). Some organisations are funded exclusively by donors; others provide services contracted by government; still others receive direct grants from government. Many organisations depend on all three sources for funds.² The state figures prominently in two ways. First, in an organisation's bid to attract more secure funding, it takes on the attributes of organisations in similar fields. Voluntary organisations become more homogeneous so they can appear to be more attractive or 'tame' to funders, including the government. This approach is called 'isomorphism' by sociologists DiMaggio and Powell (1983: 147-9). They point out that even with great diversity among organisations, when a field of activity becomes well-established, there is "an inexorable push towards homogenisation" (*ibid.*, p. 148). The second way the state plays an important role is in its legal recognition of charitable organisations. When an organisation receives at least some of its money from

² Voluntary organisations also rely on trading especially charity shops.

donations, if it remains non-political and does not engage in advocacy, the organisation can apply to the government for registered charitable tax status. With this status, the organisation can attract more and larger donations.

A third common element shared by voluntary organisations is voluntary leadership and governance vis-à-vis management, which is at the heart of this sector. All voluntary organisations rely on committees of unpaid managers for their governance (Gutch and Young 1988: 3). Whether or not the organisations have paid staff or rely exclusively on volunteers, whether or not they qualify as charitable organisations (under law) or are advocacy or campaigning groups, voluntary organisations must be led by a volunteer board of trustees. Though trustees are essential they

“have neither the luxury of being patrons nor the satisfaction of actually managing the organisation.” (Eisenstadt and Dartington 1993: 3)

There is often a tension between trustees or the board of directors and the chief executive officer and other paid staff.

Finally, voluntary organisations give citizens an acceptable outlet to exercise collective action and to create a pluralistic range of institutions (Wolfenden 1978: 21; Smith and Lipsky 1993: 3-4). Because today's voluntary organisations often provide services formerly provided by the state, the role of the voluntary sector may increase as the statutory sector's role declines³. This has been termed ‘gradualist welfare pluralism’ by Gladstone(1979: 100-101).⁴ He explains that when there is a ‘welfare stalemate’ – basically a disenchantment with the *status quo* -- a bigger role for

³ See Ch. 2.

⁴ See also Peter Berger and Richard Neuhaus: *To Empower People: The Role of Mediating Structures in Public Policy* (1977).

voluntary action may be more acceptable. The idea is that voluntary services can be used to decentralise, de-standardise and also de-professionalise social services (*ibid.*). Gladstone's prediction of the move to decentralise and devolve social services has been supported by some of the developments in British public services. Though central government still influences funding and management of services, there is "...a commitment to devolve authority to managers within separately constituted 'business units'," according to Winchester and Bach (1999: 30). Decentralisation permits more local decision-making; de-standardisation encourages new and experimental programmes and de-professionalisation means that more services are delivered by informal caregivers, family members or volunteers rather than paid staff (*ibid.*).

Human Resource Management in the Voluntary Sector

It is important to clarify the ways in which the term 'human resource management' is used in this dissertation, and to relate such usage to the wider debates about the evolution of human resource management that have taken place in Britain and Canada (and the United States) over the last fifteen years or so. The latter have explored the extent to which traditional personnel management policies and practices have been challenged by rapid technological change, labour market developments and intensified competition in product markets. A brief historical overview reveals that the presence of professionally trained, specialist personnel officers is a relatively recent phenomenon. Torrington and Hall (1995: 7-10) set out six stages in the general development of the human resources function in Britain.

The earliest stage, that of the 'social reformer', was born out of the misery caused by the industrial revolution. Social reformers, like Charles Dickens and Frederick Engels, paved the way for the hiring of welfare officers who would take

some account of workers' needs. The second stage featured the 'acolytes of benevolence' (1995: 7). These were welfare officers appointed by more progressive employers, notably Quaker families such as the Rowntrees and Cadburys, who wanted to help the poor employees and their families. These 'acolytes of benevolence' set up unemployment benefits, sick pay schemes and even subsidised housing for company workers in the latter part of the nineteenth century.

With the publication of Frederick Taylor's *Scientific Management*, managers had a new fascination with managing every task and routine of employees' work days. To diffuse workers feelings of degradation and anger at being micro-managed, welfare officers attempted to minimise industrial conflict by boosting employees' morale and encouraging comradeship with co-workers. This third stage in human resource development featured the 'humane bureaucrat' (*ibid.*, p. 8) a specialist in the fields of staffing, placement and training who could help build a smooth-running bureaucracy within the organisation.

The fourth stage was the era of the 'consensus negotiator' (*ibid.*, p. 9), because bargaining was added to 'humane bureaucrat' skills. After World War II, full employment led to a dramatic growth in trade union membership. Managers, especially those employed in medium and large enterprises, had to develop more effective procedures, pluralist values and professional skills to manage potential conflict.

The fifth stage involved the 'organisation man' (*ibid.*, p. 9-10). This development was most clearly seen in the late 1960s. It was significant because it marked a change of focus among personnel specialists away from dealing with the rank and file employee to catering to management and the integration of managerial activity.

Twenty years on, since the late 1980s, a key goal has been developing an 'elite core' of skilled employees.

The final phase was the 'manpower analyst' who most closely resembled today's 'human resource manager.' The result of

"the general management anxiety to quantify decisions has been a move towards regarding people as manpower or human resources." (*ibid.*, p. 10)

The manpower analyst was originally meant to help expand the organisation by keeping abreast of its manpower needs. More recently, the manpower analyst's role was also to predict exactly how many employees with what skills were required during lean times, in other words to make sure that supply met demand.

From those in the last century who wanted to provide social work without getting their hands dirty, to the bureaucrats who wanted to make workers conform to the demands of repetitive and mechanistic jobs, to the corporate strategist, personnel officers have gone through a number of incarnations. In some accounts, the latest incarnation, perhaps only ten years old, elevates the corporate human resource director from middle management staff to a position more on par with other top executives. Indeed it is becoming rather common to see 'Vice-President-' or 'Director, Human Resources' listed in corporate charts.

There are a number of reasons why there is pressure on personnel staff to move from a mainly operational personnel policy focus – like recruitment and compensation – to more strategic corporate issues. Beer *et al* (1984) suggest that eight relatively new imperatives are facing corporations: international competition, the complexity and size of modern organisations, slower growth than anticipated in some areas, greater government involvement, a higher level of education among workers, the

amount of involvement and influence desired by employees, concerns for life satisfaction and finally changes in workforce demography. These eight pressures points help explain the move to a more strategic management of HR.

In the last decade, in Britain as well as on the other side of the Atlantic, the terminology of ‘personnel management’ has been partly replaced by ‘human resource management’. John Storey suggests three ways of interpreting this name-change (1992: 24). First, in some circumstances it signifies little; it is virtually synonymous with ‘employee relations’ or ‘personnel management’. Second, in some cases it may signify the integration of a number of techniques in personnel management (*ibid.*) Third, the new terminology may arise from a new recognition that the management of employees – or human resources – has equal importance to the management of other factors such as capital and technology (*ibid.*)

Reviewing Storey’s three points, there seems to be little doubt that human resource management is no longer simply a new-fangled term for personnel management. Most academics and practitioners believe that HRM has moved far beyond its earlier incarnations. Likewise, there seems to be little doubt that an integrative approach, one that sees human resource policies and practices accepted and used by line managers as part of their job (Guest 1989: 49), works better than the traditional division between line and staff management in which personnel managers often played a limited, advisory, staff role.

In the debate on the nature and significance of a ‘new’ human resource management in Britain, many academics distinguish between a ‘hard’ and a ‘soft’ version of HRM. Guest (1989: 48) defines the ‘soft’ dimension as based on the utilisation of individual talents and aptitudes, reflecting the approach of MacGregor’s

Theory Y.

“The central principle ... is that of integration: the creation of conditions such that the members of the organization can achieve their own goals best by directing their efforts toward the success of the enterprise.”
(MacGregor 1960: 49)

It is a model which centres on leadership, communication and organisational culture as well as focusing on commitment to individual talents (and the firm).

The ‘hard’ version of HRM is one which considers the management of human resources as “strategic interventions designed to secure the full utilisation of labour resources” (Storey 1992: 27). In Britain this was encouraged by the widespread reassertion of managerial prerogative in the 1980s and 1990s as the balance of power shifted away from trade unions in the face of their declining membership, high levels of unemployment and restrictive legal intervention (Bach and Sisson 2000: 14). At the same time, the rapid expansion of business schools -- and MBA programmes in particular -- encouraged ‘hard’ models of employment regulation.

Interestingly, Canadian researchers have a very different view of human resource management. Firstly, it is usually called ‘strategic HRM’ to distinguish it from personnel management and to signal that HRM must be linked to the organisation’s strategic needs. No one refers to the ‘hard’ or ‘soft’ dimensions because both are encompassed in the definition of strategic HRM.

“Strategic human resource management is systematically linked to the strategic needs of an organization and aims to provide it with an effective work force while meeting the needs of its members and other constituents in the society.” (Schwind, Das and Wager 1999: 21)

Schwind *et al* claim it is based on three objectives; organisational objectives, societal objectives and employee objectives. What is particularly striking is the emphasis on the last two. According to Schwind *et al*, ‘societal objectives’ mean that HR

departments should target social priorities -- such as lower pollution levels -- while setting their own work-related objectives! 'Employee objectives' mean that HR departments ought to assist employees to achieve personal goals that will allow them to better contribute to the organisation -- shades of MacGregor.

How important is this broad debate on the development of HRM for the research on 'managing people in the voluntary and nonprofit sector', the title of this dissertation? It can be argued that several of the 'eight new imperatives' identified by Beer et al (1984) above have implications for many voluntary organisations. For example, some face strong and increasing competition for donations and access to government funding; most have to compete with other public and private sector organisations to recruit, retain and motivate staff; many have to respond to legal and social pressure for equality of opportunity between their male and female staff; and some have to link staffing policies to strategic changes in their mission or rapid and unpredictable changes in their funding environment. Furthermore, in the larger nonprofit organisations, specialist HR staff have professional qualifications based on the same theory and training as that of their counterparts in other sectors, and some have professional experience in the public sector.

At the same time, it must be recognised that the management of human resources is less developed and less sophisticated than in many parts of the public and for-profit sectors, not least because many nonprofit organisations are small. Moreover, an important part of the debate on HRM in Britain (and to a minor degree in Canada) focuses on the limited extent to which the more optimistic or ambitious conceptions HRM have been implemented in practice -- and the questionable degree to which such policies when implemented have achieved their anticipated objectives. For these

reasons, when designing and conducting the fieldwork research reported in this dissertation, it was not expected that the findings would contribute substantially to the wider debates on HRM in Britain and Canada. The research findings in Chapters 6 and 7 have a different objective; namely, to describe and compare HR policies and practices in a sample nonprofit organisations in the two countries, and to explain some of the most important differences.

Nonprofit managers have tended to ignore the broader debates on HRM. They have been influenced, however, by ‘models’ of management in the public and private sector in ways that raise some complex research questions. Where should the voluntary sector look to model its management, and more specifically, its human resources management? To the public sector or the for-profit sector? Of course there is not merely one model for either, and there is not much theory to explain how or why management in the voluntary sector differs from management in either the private or the public sector.⁵ Batsleer (1995: 225) points out that in the UK, there is an “almost total absence ... of management discourse for voluntary organisations.” The reason is first, there is not much of a tradition in the UK of thinking about management issues and second, there is the idea that the voluntary sector is a marginal one – both socially and economically (*ibid.*). These points apply to Canada as well, though no one to date has written specifically about management in Canadian nonprofits. Part of the reason for the lack of theory is that there is some confusion about differences between the sectors and the theories that apply to them.

Batsleer (1995: 232-3) points out the public sector fit is by no means exact for

⁵ See also Paton and Cornforth (1991).

three reasons. First, unlike the public sector, few voluntary organisations are large enough to be able to utilise the models of junior, middle and senior management which are usually ascribed to the public sector. Second, the voluntary sector claims broader social values than does the statutory sector, notably the idea of “distributed leadership and empowerment.” Finally, because management in voluntary organisations is accountable to a board of trustees, there are

“complex patterns of multiple accountability... [which] often result in an ambiguous and contradictory agenda for individual managers.” (*ibid.*, p. 233)

With the problems inherent in the fit with the public sector, some researchers posit the idea that rather than using the public sector, the voluntary sector should really borrow from the for-profit sector.⁶

In *Voluntary Nonprofit Enterprise Management*, David Mason claims that the confusion should be resolved by aligning management in the nonprofit to its counterpart in the for-profit sector. He insists that poor management, smallness, and self-absorption are hallmarks of management in the voluntary sector (1984: 17). But that criticism, he maintains, is leveled without taking account of the cultural differences, such as the differences in values and the underlying ideas of volunteerism. So in comparison to management in for-profit organisations, management in nonprofit organisations seems uninspired.⁷ However, he firmly believes that the business model, the “profit-seeking model is the best starting point” (*ibid.* p. 19).

⁶ See Mason (1984).

⁷ As a matter of interest, he quotes a journalist from the *Wall Street Journal* who decries management in the voluntary sector. “The whole subject of ... volunteer efforts is terminally boring. Volunteer activity so often absorbs itself in the small particulars of situations; ... we have become impatient with this sort of smallness.” (Mason 1984: 17)

“Management has reached its apogee in industry with its measurable outputs. Rationalisation withers away in the light of the unambiguous feedback of the marketplace.” (*ibid.*)

Before twenty years ago, management in the nonprofit sector seemed to be more closely allied to management in the public sector. However with the election of the Thatcher government in 1979, there was a new pressure for change in the management of public services. The idea was

“... public services should wherever possible be subjected to market disciplines or proxies for them and government services should be provided by the private sector, if that was the most cost effective form of provision.” (Corby and White 1999: 8)

This ‘new public management’ was essentially “business-centred management practices imported from the private sector” (*ibid.*, p.11). Winchester and Bach note the influences of budget constraints, ‘efficiency savings,’ and ‘market competition’ on how employees in public services are managed (1999: 41). This is problematic for the voluntary sector. On the one hand, there is no single private sector model. On the other hand, there is significant blurring between the public and private sectors (Corby and White 1999: 15).

Since the 1980s, the voluntary sector has begun to see itself as similar to for-profit business (Leat 1995:8). Leat believes that voluntary organisations have started to see themselves as businesses. They recruit managers who have assumptions and practices which are part of the for-profit sector. She warns this may lead to management practices and training within organisations based on for-profit ideas and assumptions (*ibid.*, p. 8-9). On the positive side, Leat explores several points about the for-profit model being used in voluntary organisations. First, this pressure could make voluntary organisations more efficient and cost effective (*ibid.*, p.10-11).

Second, funders' confidence could be boosted, thus guaranteeing more donations (*ibid.*). Third, for-profit concepts could lend nonprofits the tools to improve their management and operations (*ibid.*). But there is a negative side, as Leat explains (*ibid.*, p. 11-14). Using a for-profit model to manage could dilute the values held in voluntary organisations⁸. It could encourage competition between organisations which might undermine the services provided. And finally, recruiting managers from the for-profit sector might have a negative effect on 'home-grown' staff.

Paton and Cornforth take the view that commercial, statutory and voluntary organisations are each grounded in their own cultures⁹ and that there is little common cause between them.

“Commercial organisations can draw on a well-developed body of principles and practices based on the logic of profit. ... Likewise the public sector... can turn to an honourable tradition of public administration founded on concepts of service, impartiality [and] strict hierarchical control.... By comparison, the organisational principles and practices of the social economy are far more limited or, at least, less clearly articulated.” (1991: 10)

This point is echoed by Mailly *et al* (1989: 3) who, though not directly commenting on the voluntary sector, do claim there is a shortage of theory to explain why management in the public sector is distinctive from management in the private sector. Ferner (1985: 47-8) believes there are two constraints, the first is political, the second is the problem of harmonisation between social objectives and economic ones.

⁸ According to Corby and White (1999: 19-20) this for-profit model can also contribute to a decline in the ethos of the public service.

⁹ Culture does play a part. Some researchers argue that Britain is a bureaucracy in which people have a strong dislike for state intervention (Harris 1990: 70; Lowe 1999: 17-19). In comparison, Canada is not a bureaucratic state, yet it is quite interventionist in its public policy (Dwivedi and Gow 1999: 52). The British public service is highly centralised, while Canada's is decentralised – this certainly has an influence on management.

Political constraints influence public sector management because any change in government, or change in political direction of government, can mean adjustments to existing economic and social policy. The double role of government as manager and financier of the public service and manager of the economy is another political constraint (Mailly *et al* 1989: 7). The lack of accord between social and economic objectives of government means that certain social goals which are dependent on government funding, may be brushed aside if the government feels the cost is too high.

Figure 1.1 (below) shows how the above two influences, along with culture, affect management in the public sector, and possibly affect human resource management in the public and voluntary sector.

The public and voluntary sectors operate in a diverse and complex environment, in both the UK and Canada. Both sectors have to interact with other agencies, government bodies and individuals to administer a myriad of programmes. Both sectors have to be accountable to the public (or donors) to ensure “the public receives full value for money” (Treasury Board 1983).

There are some important similarities between HRM in the public sector and the voluntary sector. Employee motivation, for example, is important in both. Motivation for public sector employees has to do with professional development as well as providing public services. Motivation in voluntary organisations arises from giving service to others. However the staff in these organisations are sometimes confused when weighing service to recipients against maintaining or even adding to their own professionalism. Unlike in the public sector, work in voluntary organisations is carried out by both paid staff and volunteers so the idea of professionalism tends to get eroded. Also, perhaps to a greater extent than in the public sector, nonprofit

managers may regularly put clients' needs before those of their employees.

Figure 1.1 Political and Economic Influences on Management and HRM in Two Sectors

	<i>on Management in Public Sector</i>	<i>on Human Resource Management in Public Sector</i>	<i>on Human Resource Management in Voluntary Sector</i>
<i>Influence of Political Contingen cy</i>	-government is manager and financier of public service -government is also manager of economy	-government says 'affordability' is what counts (what the gov. can afford to pay)	-money for wages could be contingent on fundraising and grants -if money is tight, are employees sacrificed -- eg: made casual or part-time
<i>Influence of Incompatib le Economic / Social Objectives</i>	-government supposed to respect trade unions -but sometimes laws make it harder for unions to operate	-public service supposed to promote equity -in Canada, seniority trumps equity	-how do vol. organisations' equity policies affect their employees?
<i>Influence of Culture</i>	-in UK, large, bureaucratic civil service. Highly <i>centralised</i> -in Canada, large and <i>de-centralised</i> civil service	-in UK, sector-wide bargaining -in Can., collective bargaining with ea. level of public sector employer	-how is compensation handled in UK and Can. vol. orgs

A final point of comparison may focus on unionisation. Historically, in Britain, the public services have seen high union density -- 61 per cent compared with overall union density of 30 per cent (Winchester and Bach 1999: 40). In Canada the figures are 71 per cent and 30 per cent¹⁰, respectively. The voluntary sector has experienced higher union density when compared to the overall density in each country. In the UK, this research sample reveals density is 85 per cent and in Canada 53 per cent. Perhaps the reasons for high levels of unionisation in the voluntary sector are similar to those in

¹⁰ <http://www.statcan.ca/daily/english/990824d990924b.html> (24 Aug/99) p. 1.

the public sector: employer support and recognition of trade unions¹¹ and large scale bureaucratic organisation. Though in some nonprofits there is a sense of identity with the larger union movement, in others the sense of professionalism tends to override interest in joining a union. Efforts are more toward building status for the professional staff. An example is health-related nonprofits¹² in which employees tend to be nurses or physical therapists and want to distinguish themselves from other employees in the sector.

Research Design and Methods

According to Singleton and Straits, there are four principal research strategies: experiments, surveys, field research and the use of available data (1999: 7-10). From the outset of the research process leading to this dissertation, it was clear that the first and last of these options could be excluded: the research questions that had been formulated could not be pursued through experiments or rely very much on available data. Moreover, it was apparent that some forms of field research – for example, ethnographic or participant-observation methods – were not appropriate to the broad aims and focus of the research. The main questions in research design thus focused on the ways in which survey and case study methods might be combined in an essentially qualitative – rather than quantitative – analysis.

Surveys vary enormously in the size of their samples and in the amount of information sought. Survey data can be collected through self-administered questionnaires (e.g. postal surveys) or through interviews based on schedules of

¹¹ This is so in both the UK and Canada – see Treasury Board of Canada (1983).

¹² Examples are the National Asthma Campaign, the Lung Association and the Cancer Society

prescribed questions. Clearly, surveys may comprise the best method when the research questions require a large sample of respondents, or when they seek to differentiate data provided by different groups of respondents via stratified samples. Survey data can then be recorded, numerically coded and analysed, using more or less sophisticated statistical techniques.

The main strength of the survey as a research method lies in its potential for collecting and processing data in ways that facilitate the generalisation of its findings. The most obvious limitation of the survey method, however, is that the data collected sometimes lack depth or detail. This problem may be exacerbated when the data are collected via postal questions – or self-administered questionnaires – as respondents may misinterpret the meaning of questions. In contrast, some of the potential limitations of surveys may be avoided when the data are collected through interviews.

There are three types of interview: structured interviews for which all questions are written beforehand and asked of respondents in the same order; semi-structured interviews, in which the interviewer is allowed some freedom to vary the prescribed questions, in order to probe deeper; and unstructured interviews, in which the researcher's objectives are more general, thus facilitating a wide-ranging discussion and some spontaneity in the interaction between the respondent and the researcher (Singleton and Straits 1999: 242).

From an early stage in the research, it was apparent that the chosen research focus could not be pursued effectively through surveys. Preliminary research on aspects of human resource management in British and Canadian voluntary organisations revealed the diversity and complexity of the sector in each country. While investigating the problem of classifying nonprofit organisations (see Ch. 2), it

was clear that the research had to develop detailed descriptions of human resource management practices in a significant number of organisations. The size of the sample had to be large enough to encompass a range of voluntary organisations, marked by dissimilar missions, size and structure in each country. Equally important, the comparative focus of the research required a sufficient number of organisations to facilitate a degree of confidence in the generalisation of cross-country comparative conclusions.

For these reasons, the idea of developing a number of case studies based mainly on a series of interviews – rather than on a survey – was appealing. Case studies offer the prospect of collecting data of considerable depth and detail. As Yin points out

“The case study is the method of choice when the phenomenon under study is not readily distinguishable from its context. Such a phenomenon may be a project or program....” (1993: 3)

Furthermore, he notes that the case study method may be appropriate if there is not a start or a finish to an activity or if there is a ‘complex interaction’ between organisations and their environments (e.g. community organisations or inter-organisational partnerships).

Case study research takes a number of different forms, each of which offers potential advantages. First it can be based on single- or multiple-case studies (Yin 1993: 5). Second, it does not depend on an overly large sample size. Third, it is a way of obtaining “more detailed information about a case than is usually available about each instance in a statistical aggregate” (Hammersley 1989: 93). Finally there is an opportunity to address the questions ‘how’ and ‘why’, and to examine ‘exceptions to the rule’ to heighten the explanatory character of the study.

The central limitation of the case study method arises from the limited sample size in comparison with that found in most surveys. This raises the problem of representativeness of the selected sample and thus, the generalisability of the findings and conclusions.

When exploring the relative advantages of case studies and surveys - and the range of detailed options offered by both - the methodologies of two publications based on research projects in the nonprofit area were particularly instructive. The first was Butler and Wilson's (1990) exploration of strategic change in UK voluntary organisations. First the researchers divided the sector into three 'industries' -- those devoted to third world aid, those working for the visually handicapped and those involved with sea rescue. Using a highly structured questionnaire, they interviewed chief executives in 31 voluntary organisations in the three 'industries' to find out how each organisation's structure and strategic decisions affected its management and mission. There were more than 70 questions, the answers to each of which were scored. After analysing the data, Butler and Wilson wrote a case study for each of the organisations.

The second study concerned the management and staffing of Britain's largest charities (Bruce and Raymer 1992). A structured questionnaire was sent out (by post) to the 200 largest charities¹³ in the UK. Half the questions were to be answered by CEOs and the other half by HR managers in the organisations. Respondents were asked about numbers of staff and volunteers, the organisation's structure and

¹³ The authors used as their source *Charity Trends* published annually by the Charities Aid Foundation which lists charities according to total expenditure (see Bruce and Raymer 1992, section 5)

committees and various management issues. At the end of the questionnaire there was room for a brief description of two recent successes the organisation achieved and two 'challenges' that it faced.

Both studies raised interesting questions in developing an appropriate research design for this research. What Butler and Wilson's study lacked as a result of its highly structured questions, it made up for in the face-to-face discussions with respondents which facilitated the subsequent case study analysis. The data and its analysis facilitated some generalisations, and also some in-depth insights, into the 31 organisations. Their study was not wholly representative of the voluntary sector because the organisations were selected from among the top 200 charities¹⁴. But the researchers isolated three 'industries' as they called them, or areas of work, which meant the study was reasonably representative of those particular areas.

Bruce and Raymer's survey produced an interesting overall perspective on the organisation and staffing of charities, but it lacked detail in many areas. For instance, they discovered that at least one-third of the managers in Britain's top 200 charities were recruited from the private sector. But because of the authors' reliance on structured questionnaires and written responses, they had no opportunity to discuss the data with the respondents and to evaluate the meaning of the answers fully. The study also tried to quantify some issues, such as management training, other attributes and how human resources were managed. Again, because of the survey design, the data analysis was sometimes limited and less than illuminating. Whist the survey was, of course, fairly representative because of the sample size, some of the findings seemed

¹⁴ See above note.

shallow.

What lessons could be drawn from these two studies - and from the more general review of research methods above? It seemed that the focus of my research called for a primary commitment to case study methods, but in ways that increased the possibility of generalisability. As will be seen below, the advantage of the decision to develop a fairly large sample of 26 cases was that it might capture important differences between the case study organisations within the UK and Canada samples, and might also allow more confident generalisation of the two-country comparisons. Inevitably, this meant there would be less depth of analysis in any one of the cases, and that considerable care had to be taken in selecting the samples.

Voluntary organisations were chosen for the study mainly according to their focus of activity or mission. The idea was to 'match' British with Canadian organisations along the line of activity. These organisations included ones specialising in health care, social services, international development or foreign aid, cultural associations and trade unions. Some organisations approached during the early stage of the research proved to be unsuitable because either they did not agree to interviews or lacked the critical mass of employees to participate in the study.

Cultural organisations, notably museums and art galleries, were dropped from the list because their status as 'voluntary' organisations was in question. While Canadian museums and galleries are mainly voluntary organisations, their counterparts in the UK are often owned and operated by the local authority. A Canadian museum consultant¹⁵ explained there were two unique factors at play which might skew the

¹⁵ Interview with Gail Lord, CEO, Lord Cultural Consultants, Toronto (15 April, 1997)

results of a study which included museums and art galleries. Both factors had to do with security of the artifacts. Museums and art galleries regularly spend large amounts of their budgets on insurance for artifacts and extra insurance for visiting ‘shows’. The consultant’s view was that this effectively drove wages down, because other voluntary organisations did not have insurance as a major expenditure. Second, she explained that in most Canadian galleries and museums, the single biggest expenditure on staff was for security personnel who were often not even hired by the gallery, but were part of a contracted service. So it would be difficult to assess human resources at a gallery or museum and not have access to information about the large number of contract security staff. These two factors, combined with the dilemma about whether or not museums or galleries were indeed voluntary organisations, led me to drop these organisations from the study.

Likewise trade unions were dropped from the study. Though they are voluntary organisations, they come under the rubric of mutual aid associations, rather than philanthropic organisations. There is much debate about where to locate mutual aid organisations.¹⁶ The main difficulty was that trade unions were dissimilar from the other organisations in the study, which meant they were hard to compare.

In the end, thirteen organisations which spanned four areas – advocacy, health, foreign aid and housing (see figure 1.2) – in the UK were selected for study.

¹⁶ See Chapters 3 and 4. Also see Beveridge (1948)

Figure 1.2 Four-Way Classification of Selected Organisations

<i>Type of Organisation</i>	<i>No. studied in sample</i>	<i>Can</i>	<i>UK</i>	<i>per cent of orgs studied</i>
dedicated to foreign aid	8	4	4	32%
health or hospice charities	6	3	3	24%
housing or shelter organisations	3	1	2	11%
local aid/advocacy/human rights	9	5	4	32%

The plan was to match them with thirteen similar voluntary organisations in Canada. One question that arises is whether the differences between organisations are greater because of their missions or because of their national characteristics? Do national distinctions override the differences in the organisations' missions?

1) *From Pilot Study to Expanded Study*

The pilot study involved 25 voluntary organisations in Britain only. Employment advertisements in the Wednesday "Society" supplement to *The Guardian* were perused over eight to ten weeks. The "Society" section is dedicated to the voluntary and charitable sector in the UK; at least two-thirds of the supplement carries advertisements for a range of paid positions in the sector.

I wrote letters asking for particulars and sent self-addressed, stamped envelopes to forty voluntary organisations which had advertised jobs. These included advice centres, social service agencies, medical charities, advocacy and campaigning groups, and third world development organisations. Thirty one of the organisations sent particulars and employment application forms back by post. These particulars

often included a job description for the vacant position(s), an annual report, a leaflet or two on current projects, a statement about the organisation's mission, a form about how to apply for a job, and sometimes some financial statements. Particulars from each organisation were collected and sorted. A preliminary and rough classification system excluded organisations with fewer than 50 paid staff, those based outside of Britain, and those with no contact name or telephone number.

In telephone calls to each of the thirty-one organisations, the name of the human resources manager or, if there was none, its chief executive officer, was ascertained. The manager was then told about the study and asked a number of questions including the number of paid staff the organisation had, its status either as a stand-alone or a branch of a larger organisation; whether or not staff belonged to a recognised union; and also his or her willingness to be part of a study. Twenty-five organisations were willing to co-operate on some basis.

2) *The Sample*

The idea of 'matching' British organisations to Canadian ones proved difficult for two main reasons. First, because size of the organisation was a major stumbling block, and second because some organisations whose major work was in one area, for example housing, also did valuable work in the 'medical/hospice' area. The size of organisations cannot be overlooked because size has a great effect on how organisations manage. Virtually all the British voluntary organisations have far more employees than their Canadian counterparts (see Figure 1.3 at end of chapter). This is in part attributable to Britain having more than twice the population of Canada¹⁷, and

¹⁷ Population of the UK is 63 million, Canada has 31 million people.

in part because of the way organisations have developed in Canada – along federal and provincial lines, rather than along the UK's centralised model. Clearly no organisations could be matched by exact size in this study.

The second difficulty in matching pertains to the spillover from one area of work to the next in the same organisation. In more than half of the organisations, the area or domain of their work covers one, two or even three different fields. In fact, as some organisations developed, what the organisation was first known for was no longer a major aspect of their work. For example, Shelter, in the housing/shelter category, is now more heavily involved with advocacy work. Likewise several foreign aid agencies also agitate for human rights. So in order to classify organisations in the study, only the primary area of work is considered. Sometimes, the more diverse the missions, the more staff there are – which again influences the size of the organisation.

Still, there were two British organisations that had 'branch' or sister organisations in Canada which made matching more easy. One foreign aid (Oxfam) and one advocacy agency (Amnesty) in the UK have sister organisations in Canada. Though not formally affiliated, both organisations have the same mission and similar policies. As for health or hospice organisations, London Lighthouse is the model for a replica of a smaller one, Casey House, in Toronto¹⁸.

It is useful to distinguish between formal and informal contacts in the case study organisations. Formal contact involved semi-structured interviews with the CEO or the human resources manager in each of the 26 organisations (thirteen in each country). This process took place over one or two sessions and totalled an average of

¹⁸ From an interview with the director of human resources and operations, Casey House.

three to four hours. Interviews took place from November 1996 - March 1997 in Britain, and in the summer and autumn of 1997 in Canada. Twelve of the thirteen UK organisations are based in London, and one in Birmingham. In Canada, because of the federal nature of the country and the sector, six interviews took place in Ottawa, five in Toronto and two in Saskatoon. The same eleven questions¹⁹ were asked of each major interviewee, and each was given time to explore anything else of relevance to human resources in their organisation. Several managers insisted that part of the interview should be 'off the record' because the organisation needed to appear fair and forward-thinking to the public, or even to an academic audience. However that said, the managers were willing to disclose some weaknesses in the management and management of people in their organisation. I took detailed notes during each interview. The background and history of each organisation, derived through documents such as leaflets, annual reports, recruitment kits and other printed materials, added a useful dimension to the study.

Other formal contact consisted of discussions with union representatives in the organisations with a union presence. I spoke to convenors on site and to representatives at headquarters of three unions – UNISON, T&G [ACTTS]²⁰ and MSF. All three unions claim a substantial membership inside the voluntary sector. The representatives supplied me with materials including newsletters, fact sheets and, in the case of MSF, surveys about union members and the most important issues raised within the sector. All three representatives agreed that employee dedication to the

¹⁹ See Appendix 1.

²⁰ ACTTS is the office or professional employees' group within the Transport and General Workers Union (T&G).

cause and pride in the organisation was the aspect which distinguished members in this sector from union members in other sectors.

One problem both the T&G and UNISON representative highlighted was that often the members in a voluntary organisation saw themselves on the same side as the managers. They saw the union representative as an interloper, not necessarily understanding the exigencies of the organisation. This was made clear in an interview with Owen Davies, the co-ordinator of voluntary sector membership, at UNISON. For years UNISON has had a scattering of members working at Barnardo's but never was able to get the critical mass needed to attain recognition. Davies thought this was due, in part, to the paternalistic ethos at Barnardo's which means that employees tend to identify more with management than with the union.

Informal contact consisted of telephone discussions after initial visits to the managers or union staff and less formal contact with other staff within the organisations. For example, over a long meal, three social workers on staff at the Catholic Children's Aid Society of Metropolitan Toronto explained that discipline in the organisation was usually instigated by stories revealed in the media. Recently there had been a death of a baby in a home supervised by Children's Aid. After the police charged the social worker with negligence, the agency suspended her from duties. Despite being cleared of wrongdoing by the court, the agency sacked her. The union had taken the case to arbitration and was waiting for a decision. In discussion with the social workers, they say discipline in the agency is not 'progressive', rather it is overly harsh and prompted by case leaks to the media.

In total the number of formal and informal interviews totalled around 60. Other sources of data included visits to web-sites. By 1998, virtually all the

organisations had websites and many had links to complementary government or private sector sites. Information was gleaned from specialist libraries including the ones at the Centre for the Study of the Centre for Voluntary Organisation at the London School of Economics, the Centre for Voluntary Sector and Not-for-Profit Management at City University Business School and Aston University. ARNOVA, the Association for Research on Nonprofit Organizations and Voluntary Action, a US-based research group, has an extensive library housed at Indiana University which was accessible on-line. ARNOVA also publishes a journal, *Nonprofit and Voluntary Sector Quarterly*, and other publications on the voluntary sector based on papers presented at their annual conference. I visited their library and collected conference materials on management in the sector. In Canada, discussions with Michael Hall, executive director of the Canadian Centre for Philanthropy, led to more primary source material.

3) *Matching*

In attempting to match organisations, the research tried to combine two kinds of comparisons: the country comparison (UK-Canada) and the comparison of organisations within each country based on mission. It was assumed that the HRM policies and practices of voluntary organisations are a reflection of both their size, their mission and their structure, as well as a reflection of country-specific factors.

Another issue raised in matching case studies arose from the differences in structure among the various organisations. According to Butler and Wilson, organisations develop along structural lines, and this development has significance for management (1990: 23). They claim that “formalisation is the ‘natural’ progression for charities as they develop” (*ibid.*). In their study of voluntary organisations over a decade ago, they classify organisations according to whether they have a functional

(more hierarchical), divisional (allows for semi-autonomous service areas) or matrix (organised around special projects) structure. However few voluntary organisations today opt for divisional, let alone matrix structures. Most prefer the less flexible and more directed 'functional' approach. Yet it was difficult to match organisations using a single structural model. More detail on structure can be found in Chapter 5.

This issue of matching was resolved by deciding to sort organisations by function and then focus on four categories. These four groups are: 1) organisations dedicated to campaigning and human rights; 2) organisations dedicated to causes of housing and shelter; 3) organisations dedicated to medical or health concerns; and 4) organisations dealing with international aid projects.

Organisation of the Thesis

Chapter Two attempts to define the voluntary sector and voluntary organisations by looking at key issues such as structure and function and the blurring of the boundaries between the voluntary and statutory sectors. The chapter also examines the economic and political theories of the voluntary sector and explores the problems inherent in finding a single comprehensive classification system for voluntary organisations.

Chapter Three traces the history of philanthropy in Britain over the last four hundred years. It explains that, from the earliest days, there were connections between charitable and statutory provision. The chapter also examines the weaknesses of private charity which led to establishment of the welfare state and the subsequently uneasy co-existence between private and statutory provision.

Chapter Four is the second historical chapter. It looks at the history of the Canadian voluntary sector over the same time period, roughly 400 years. In Canada, the context for voluntary action changed due to the country's status, first as a colony of France, then as a colony of Britain and finally to its independent status of today. When charitable provision could no longer sustain the needy, Canada fashioned a welfare state along Britain's model. But Canada's welfare state was not as all-embracing and voluntary provision was still very much needed. Both Chapters Three and Four try to explain the evolution of the voluntary sector -- from the confines of almsgiving and pure charity to the wider vista of voluntary action. These chapters also explain the growth in state provision and its interface with the voluntary sector. Distinctions drawn between the state and voluntary sector pave the way for a deeper examination of human resource management in the voluntary sector.

Chapter Five provides thumbnail sketches of the characteristics of each of the 26 organisations selected for the study. In addition to discussing the organisation's mission, the descriptors include a brief history of each organisation, its mandate, an overview of its structure, its major sources of funding and the complexion of its workforce. Questions that emerge include whether or not it is important to know whom the organisation is serving, and whether funds or services are channelled to the needy.

Chapter Six takes a close look at recruitment and selection in the selected organisations. The chapter compares how the sample of British and Canadian nonprofits use traditional HRM techniques such as job analysis, job descriptions,

advertising and equal opportunities to recruit and select staff. The chapter also delves into the training and education of HR managers in both countries and suggests there are links between levels of professionalism and how HR is practiced. In Chapter Six, special attention is paid to equal opportunities, particularly in relation to the legal quandaries that arise in both countries when organisations want to diversify their workforce.

Chapter Seven explores some other aspects of HRM including training, appraisal, promotion, discipline and compensation in the selected voluntary organisations. The chapter teases out several strands, including differences based on organisation size and country. Chapter Seven explores the notion that UK voluntary organisations tend to manage their personnel according to well-defined policies and procedures, their Canadian counterparts tend to be more free-wheeling, informal -- even spontaneous -- in their practices. The differences in how HR are managed in each country may have something to do with labour unrest. Chapter Seven discusses two bitter strikes which took place in two of the selected Canadian organisations.

Chapter Eight concludes the thesis. Building on some of the findings in Chapter 6, this Chapter also explores the ways in which differences in HR practices in each country may be explained partly by variations in the legal and institutional structure of industrial relations. In particular, Canadian trade unions seem to have retained a more adversarial approach to aspects of human resource management than their British counterparts, as illustrated by the bitter strikes that took place in two of the Canadian nonprofit case study organisations. Chapter 8 summarises some

of the main comparative research findings, explores the most important explanations for the differences in HR practices in British and Canadian nonprofits, and suggests a few avenues for further research that might overcome some of the limitations of this study.

Figure 1.3
Comparison of UK and Canadian Nonprofits by Number of Employees

<i>Number assigned</i>	<i>UK organisation/ classification</i>	<i># of employees</i>	<i>Canadian organisation/ classification</i>	<i># of employees</i>
1	Medical	62	Foreign	16
2	Medical	75	Local Aid	20
3	Local Aid	110	Housing	22
4	Medical	170	Foreign	25
5	Local Aid	194	Foreign	50
6	Foreign	270	Medical	81
7	Housing	320	Local Aid	100
8	Local Aid	350	Local Aid	116
9	Housing	360	Foreign	126
10	Local Aid	360	Medical	140
11	Foreign	395	Medical	159
12	Foreign	396	Local Aid	400
13	Foreign	1700	Local Aid	800
	average # of employees (UK)	338	av. # of employees(Can.)	157

CHAPTER 2 ~ THEORETICAL OVERVIEW OF THE VOLUNTARY SECTOR

I Definition of the Voluntary sector

1) *What is the voluntary sector?*

The voluntary or not-for-profit sector is huge and very diverse (DiMaggio and Anheier 1990: 138; Billis 1993: 244; Kendall and Knapp 1996: 3-7; Sharpe 1994: ix-xi; Hall and Reed 1998: 4-5). It includes organisations as disparate as medical charities, environmental campaigning groups, social service agencies, schools, art galleries and religious organisations. Some organisations derive virtually all of their incomes from government like Children's Aid Societies in Canada or the Refugee Council in the UK; others -- like Amnesty International -- refuse any money at all from governments worldwide. Some organisations are tiny agencies which rely on no paid staff and a handful of volunteers, while others have hundreds or even thousands of paid employees (like the Salvation Army in Canada) and use volunteer labour sparingly. Some organisations are part of a federated whole, while others are fiercely independent. Size of organisation counts as a major variable, but it is not all that counts in assessing the strength and scope of the sector.

A simple definition of the sector stems from Bourdillon's definition of a voluntary organisation:

“A voluntary organisation... is [one] which, whether its workers are paid or unpaid, is initiated and governed by its own members without external control ...” (1945: 3)

Also at play in definitions of the sector are two other considerations: first that a voluntary organisation within the sector has to have “a will and a life of its own” or freedom from authority of the state (Beveridge 1948: 8). Second, there is the notion of independence in policy and financial support (Rooff 1957: xiii).

Overall though, there seems to be a definition ‘deficit’ in the field of nonprofit research (Anheier 1995: 16) which makes it hard to define the sector in unambiguous terms. The sector’s ‘nonprofitness’ (the idea that certain services are provided on a non-commercial basis) is more a cultural evaluation than a definition, according to DiMaggio and Anheier (1990: 137). They say that ‘unprofitness’ does not have a “consistent transnational and transhistorical meaning.” Further, Anheier (1995: 17) claims that from a cross-national perspective, it is possible to describe the voluntary organisations which make up the nonprofit sector, but not the sector itself. I take issue with this point.

I think it is possible to define what the voluntary sector is if one understands what it is not. It is neither the for-profit sector, nor the statutory sector. Some writers claim the voluntary sector has a natural affinity with the statutory sector (Kuhnle and Selle 1992: 1-3; Kramer 1979: 484; Lipsky and Smith 1989-90: 626, 629). Conversely, one might argue that the voluntary sector, located in the realm of the private or non-government sector, is closer to the for-profit sector¹. I would argue that though the voluntary sector shares some things in common with both these other sectors, it is distinct from them.

There are three factors which pose problems when trying to define the voluntary sector: first, the sector itself is shifting or changing; second, the boundaries between the voluntary, the government and the for-profit sectors are blurring (Billis 1993); and finally, there are marked differences in structure of the three sectors.

¹ See Mason (1984).

2) *Sector Shifting or Changing*

What started out as a number of disparate charities, each serving a single cause, has today become an intricate web of charities, social service organisations, political causes and service providers which, in total, represent the voluntary sector.

An early, perhaps simple, way to define the sector stems from the legal determination of who was responsible for helping the ‘deserving’ versus the ‘undeserving’ poor. From the time of the 1601 Elizabethan Poor Law, charitable provision was divided into these two groups. Charities helped the ‘deserving’ poor or the disadvantaged -- widows, orphans, and the disabled.² The state provided limited help to the ‘undeserving’ poor (vagrants, prostitutes, the unemployable). These two functions co-existed until well into the twentieth century. However in the last 55 years, the implementation of the welfare state in both Britain and Canada has muddled the obligations of charities with those of the state – and vice versa. Charities often tread on the turf of what used to be government provision, and, less often, government takes over functions which used to be relegated to charity.³

A second point about the shifting sector, which follows on from the legal determination above, is that there is a split between the voluntary organisations which operate as charities and those that do not. Because of a legal technicality, charities are somewhat separate from other voluntary organisations. There is

“no legal definition of a voluntary organisation, but there is a relatively precise and strictly enforced definition of a charity.” (Butler and Wilson

² See Chapters 3 and 4.

³ Education is a good example. In the UK and Canada it was provided by charity (or the church) almost exclusively until the mid-nineteenth century. See the historical chapters.

Historically, the following four categories or ‘pillars’ first gleaned from the Statute of Charitable Uses Act (1601) have defined charitable activity: relief of poverty, advancement of education, advancement of religion and other services deemed beneficial to the community as a whole (*ibid.*, p.7). Being classed as a charity means significant financial benefit to the organisation in the form of tax concessions (*ibid.*). The separation between these two types of voluntary organisations makes it more difficult to accurately define the sector. This dissertation cannot go into the distinction between them, but certainly organisations with a political or advocacy mandate are ineligible for charitable tax status in both the UK and Canada.⁴

Another problem of the shifting sector is where to locate mutual aid and self-help organisations. Though mutual aid societies, like trade unions, co-operatives and friendly societies are not registered charities, they have been long recognised as part of the voluntary sector.⁵ From the Victorian era, they were embraced by the working class as a form of voluntary action that was not demeaning, unlike the charity bestowed by middle-class charity ladies. Beveridge’s report reminds people that friendly societies originally helped working people evade pauperism (1948: 292) through group subscriptions for disability and burial insurance. He laments the fact that friendly societies have all but been disbanded, their mission overtaken by state provision of national insurance. He also comments that trade unions, which used to provide members with insurance and other services, can now only attract members “in

⁴ For a good explanation of charitable tax status see Cracknell (1996), page 1-23.

⁵ See Ware (1989: 39-72) (1996: 23-26) and Beveridge (1948).

order to make a living”, no longer to meet certain social -- or charitable -- needs (*ibid.*, p.294).

While Beveridge claims mutual aid was hijacked by the state together with the commercial sectors, Ware (1996: 24) faults successive British governments for passing legislation which undermined friendly societies, trade unions and consumer co-operatives. One thing is clear, that mutual societies today play only a marginal role in the voluntary sector. However historically, their much larger role further divided the sector and contributed to the conundrum of how to define it.

To sum up this first point about the sector shifting: trying to define the voluntary sector is difficult because the sector is changing; it is in a state of flux. There are two main reasons for this change. One, times are changing. New needs and concerns especially in the wake of cuts to public services in the UK (Kendall and Knapp 1993: 4; Johnson 1999: 53-9) and Canada (Stewart 1996: 20; Guest 1997: 253, 278; Hall and Reed 1998: 2-3) have prompted an expansion of the voluntary sector. Its expansion has not been constrained -- which leads to the second point. The only control mechanism seems to be the government bestowing tax status on some, not all, voluntary organisations in each country. Because tax relief is granted to those who donate to charitable organisations, more and more voluntary organisations of all sorts seek charitable tax status as a way of enticing donors and obtaining legitimacy.

But there are still thousands of voluntary organisations⁶ which do not qualify, and some do not want to qualify, for fear of the limitations imposed by charitable tax status. Some organisations do not seek it because their values are not purely charitable

⁶ Handy (1988: 3) claims there are at least 150,000 more voluntary organisations which are not charities.

ones – they may prefer to conduct campaigns or advocacy work. Others, like trade unions or mutual aid societies, lie outside the bounds of organisations typically classified as charities.

3) *Blurred Boundaries*

While emphasis in the 1970s was placed on the diversity and independence of the voluntary sector, the 1980s stressed “interdependence and duplication” between the voluntary, the state and the for-profit sectors (Langton: 1987: 135). The interrelatedness and spillover between these sectors raises several points. First, if the sectors are interrelated, there should be more government intervention by way of policies to protect and strengthen the voluntary sector as there are with the other two sectors (*ibid.*).

Second, on the other hand, if the voluntary sector is like the other sectors, its uniqueness and independence could be weakened (*ibid.*). If weakened, the voluntary sector stands either to be subsumed by the other two sectors, or maybe cease to exist entirely.

A third point is that any pioneering or entrepreneurial efforts, any radicalism, spontaneity or idealism inherent in the voluntary sector could be at risk if the sector is tethered either to government policy and protocols or to the for-profit sector. As one agency executive says, “It is the nonconformists who pioneer, the conformists who co-operate”(Kramer 1979: 485). All these problems could result from sector blurring.

However, a case can also be made *against* the notion of sector blurring. In the past, the idea was that the voluntary sector was special and in the vanguard for developing new services (Kramer 1987: 249) and new ways to deliver them. Taking Kramer a bit further (see Figure 2.1 below), if a voluntary sector agency is the

primary source or provider for a certain service, meaning that there is no government-provided alternative, then the sector’s independence will be preserved. If the voluntary service complements an existing government service, but is qualitatively different or better, the voluntary service remains distinct from state or other provision. However, if the voluntary service is purely supplementary or an extension of a government service, then the service blurs with statutory provision, and is ripe for dissolution.

Figure 2.1 Effects of Three Types of Service Provision on the Sector’s Integrity

<i>If voluntary service is:</i>	<i>then ~</i>
Primary	there is a distinction between sectors
Complementary	there is still a need to differentiate from other sectors
Supplementary	there is an extension of existing services and the sectors begin to blur

After Kramer (1987: 249)

So the more distinctive the service, and by extension the sector, the less chance there is for blurring, or collapsing the voluntary sector into either the government or the for-profit sector.

But there is another factor which adds weight to the blurring argument. Governments are contracting voluntary organisations to supply various social programmes which were once provided by the state. Dividing public policy from service delivery, enables governments to be ‘entrepreneurial’ in spirit, yet maintain control (Johnson 1999: 73). How can a line be drawn between the statutory and the voluntary sector when, since the early 1970s, government have been encouraging more voluntary organisations to co-operate with government services? This has had an effect on the structure of the sector as a whole. According to Rekart (1993: 144-5),

voluntary organisations' move from the Webbs' extension ladder model⁷ to the 'partnering' arrangements with the state sector means a 'shift toward privatisation' and a blurring of lines between the sectors (*ibid.*). Yet despite the blurring, there seems to be no data available which precisely shows the flow of money or distribution of responsibilities between the government and the voluntary sector (*ibid.*, p. 57).

4) *The Structure of the Sector*

A third reason that the voluntary sector proves hard to define is that its structure or 'nature of transaction' (Hudson 1995: 34-35) differs from that of the state sector. Figure 2.2 (below) shows a marked contrast between the 'transactions' in the for-profit and public sectors in comparison to those in the voluntary sector. In the public sector, citizens, who are usually also voters, pay taxes. In so doing they support the public authority (local or provincial or federal government) which provides certain community services. Many of the clients who access the service(s) also pay taxes which go back to the public authority which in turn provide more services to citizens. It works as a sort of a loop.

In the private sector, shareholders put capital into the company which then provides goods or services for customers. The customers pay for these goods and services and the money filters through the company back to the shareholders -- in another loop.

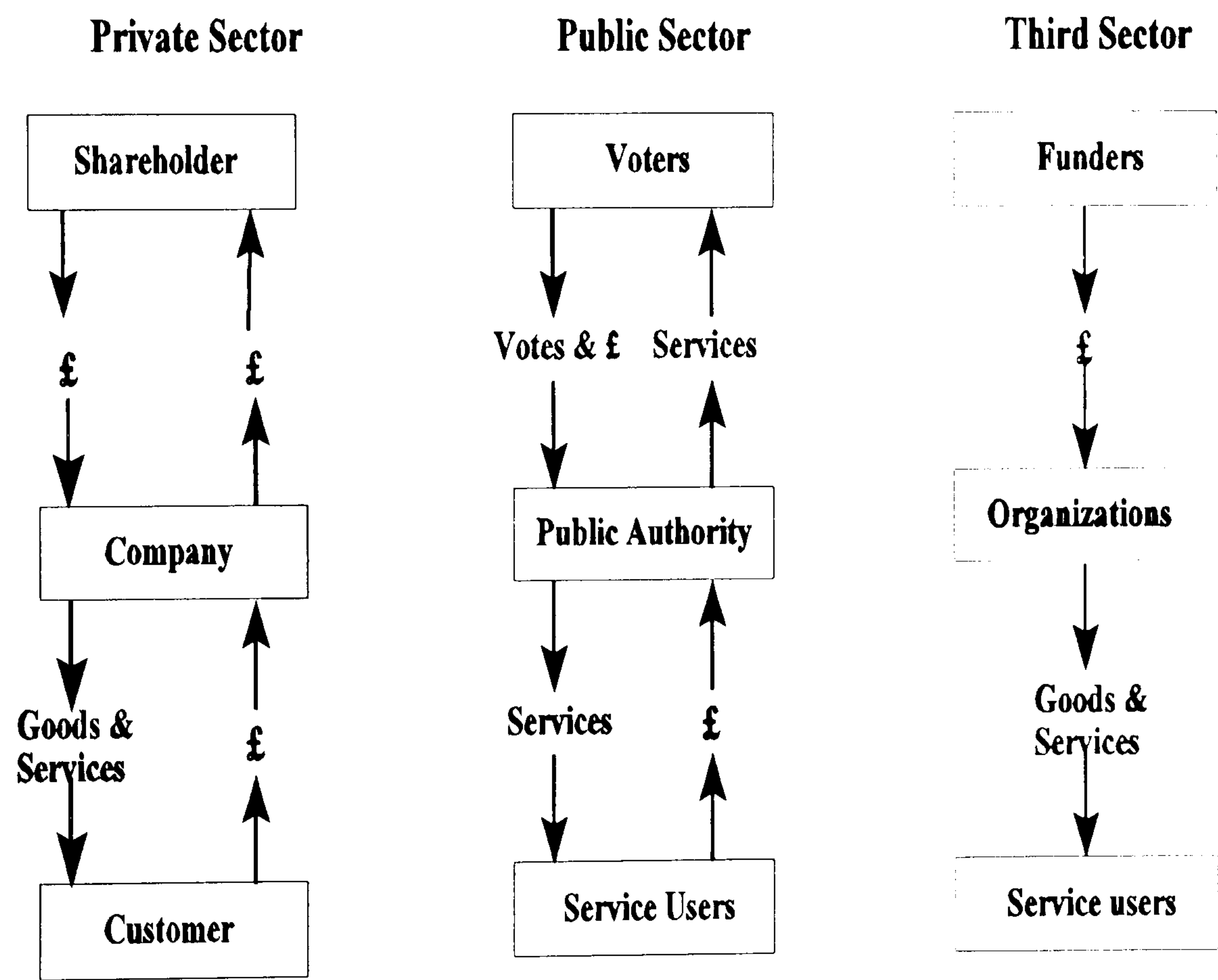
But in voluntary organisations, the funders may be individuals, organisations, companies or even various layers of government -- or a combination. The donations or grants go to organisations which in turn pay for goods and services for those in

⁷ For more on this, see Chapter 3.

need. The ultimate destination of the funds is to services or directly to clients -- but in these transactions nothing is returned to the funders. So rather than the loop, it is a

Figure 2.2

THE NATURE OF TRANSACTIONS IN DIFFERENT SECTORS



From Hudson (1995, 35)

one way transaction. Because there is sometimes not a sharp division between voluntary organisations and state provision, there can be difficulties in the transaction.

The following is an example:

Fig. 2.3 Blurring of Voluntary Provision and Public Provision

A → → B → → C

1. A= homeless shelter ➡ B =govt which funds 80% of the beds → C means shelter remains a voluntary organisation

A → → B → → C & A

2. A= a gov't social services dept ➡ B means it contracts all child/youth services to 1 agency → C & A means the voluntary organisation acts as an arm of government

In the first line, a voluntary organisation which operates a shelter for the homeless receives a government grant which gives a per diem to cover the costs of 80 per cent of the beds. The shelter raises money to pay for the costs of the other 20 per cent of the beds, food, rent, utilities and staffing. Despite the fact the government pays a significant part of the expenses, the organisation is still a voluntary organisation. In the second line, a social services department contracts all child and youth services to one voluntary agency (which is the case in Ontario, with Children's Aid Societies).⁸ The Children's Aid then acts almost as an arm of the government: government policy and the organisation's policy of necessity become joined. Yet Children's Aid is still classed as a voluntary organisation. In the first example, the shelter receives even majority funding from the government for shelter, but its mission may also encompass training or counselling. In the case of the Children's Aid Society, its whole focus must be congruent with that of the government policy in serving children and families. In fact it is taking the place of the government service. Yet both organisations are part of the voluntary sector. What seems clear is that voluntary organisations act as brokers

⁸ For more on the Children's Aid Societies, see Chapter 5.

or intermediaries between the state and the for-profit sector (Ware 1989: 19). There are two aspects to being a 'broker'. One is that the nonprofit acts as a broker between private donors and recipients (Butler and Wilson 1990: 2).

A second aspect is that the voluntary sector can be seen as the organisational link between the state's increasing contracting out of work to essentially private organisations (Drache 1995: 9-10; Rekart 1993: 151; Ware 1989: 21; Johnson 1989: 17).

To sum up: there are three reasons for the difficulty in defining the sector. One, the sector has been shifting for the past four hundred years and it is still evolving. More and more voluntary organisations are coming on stream as society's needs and demographics change. Two, boundaries are blurring within the sector which prompts the question of where does the state or government sector leave off and the voluntary sector begin? Three, the nature of transaction or the way voluntary organisations are structured does not lend itself to a single and neat definition.

II Why does the sector exist?

What accounts for the persistence and growth of the voluntary sector, and the proliferation of organisations within it? From a historical perspective, the sector is undertheorised in part because of the focus by many researchers on its historical roots⁹ and in the last century, because of the voluntary sector's close relationship with the state.¹⁰ The voluntary sector has largely been ignored by academics in their analysis of

⁹ See Chapters 3 and 4. See also Justin Davis Smith (1995); Lowe (1999); Valverde (1993); Owen (1964).

¹⁰ See Johnson (1981, 1987, 1999), Deakin (1995); Martin (1985) Guest (1997) among others.

social policy (Johnson 1999: 143).

“Theoretical and empirical studies of the place and role of voluntary organisations have been almost completely absent in the extensive literature over the last twenty years on the historical development of the welfare states.” (Kuhnle and Selle 1992: 1)

But in the last twenty years a series of theories have emerged which shed some light on the reason the sector exists. There are a number of theories which try to explain why the sector exists and another set of theories which address the longstanding and sometimes confusing relationship between the voluntary sector and the government sector.

First I will look at some theories which explain why the voluntary sector exists. Johnson (1999: 148-52) outlines half a dozen theories that span the last twenty years. However I will focus on three main theories: Weisbrod (1991: 19-21); Hansmann (1987: 28-29) and Salamon (1987a: 108-113; 1987b: 36-7). Salamon takes theory a step further when he prompts a look at the major theories of the government/voluntary sectors, which I will also briefly examine. From there I will look at what comprises the voluntary sector and how it is classified.

1) Market/Government Failure

The first theory to look at is Weisbrod's theory of 'market failure/government failure' (Weisbrod 1988: 19-29; Hansmann 1987: 28-9). Weisbrod calls goods and services enjoyed by all, like policing and clean air, 'collective goods'. Since most people do not expect to pay individually for police services or clean streets, the market alone is unable to deliver these services. Weisbrod calls this 'market failure'. However, in the UK and Canada, we live under capitalism and capitalism still needs to address difficulties such as ensuring streets are relatively safe, reducing crime and

guaranteeing clean water and air. Since the problems cannot be adequately dealt with by the market, they need to be dealt with by either the government or the voluntary sector, or both. The government has the ability to tax people to provide 'collective goods' that the market cannot. But it can only tax to provide services the majority of electorate will support, like police protection or rubbish collection. However, the government feels the electorate will not agree to allow their tax dollars to be used to help the minority in society, like the homeless. This is called the unsatisfied demand of the minority. Services which fall into these gaps, like shelters for the homeless, Christmas food hampers or swimming lessons for poor children, are usually not provided directly by the state. The fact that the state will not provide, Weisbrod calls 'government failure.' His theory says, given market failure and government failure to provide certain goods and services, it is up to the voluntary sector to provide them.

The failure of the market is a key factor in the creation of the voluntary sector. Economists stress that if the government satisfies the median voter, there is still leftover demand in some areas (James 1987: 401). But there are two types of demands, one for 'collective goods' (clean air, rubbish collection etc.) and the second for quasi-public goods (eyeglasses, crutches or higher education) which some people are willing to pay for. Many people who cannot afford them, still need the quasi-public goods. If taxpayers perceive the benefits going only to some people and the costs for government provision as high, the public will not agree to public funds being spent on them. Voluntary organisations or, in the old days charities, have to step in.

But first, why is it that the government sector cannot or will not pick up the slack? There are several reasons: first, any government is very sensitive to public opinion; it must rely on the support of the public to remain in power. If decisions to

spend tax money on certain projects or to increase taxes are unpopular, the government risks defeat. Second, government is frequently seen as a 'hierarchical, bureaucratic apparatus' (Salamon 1987: 38), incapable of responding to new situations, new needs or causes.¹¹ In fact, the more diverse the needs of a community, the more particular the solutions required. Government is seldom seen as quick or flexible in its response to community needs. Many scholars note that the sector is very diverse, and using government failure theory, it is possible to see that the more diverse the community and its needs, the more varied and extensive the nonprofit sector must be. Government, in its efforts to create and then sustain a welfare state, expanded every decade from the 1930s to the 1970s (Johnson 1987: 17-19).¹² In the 1970s, some politicians and pressure groups began to believe that government was growing too big and the system was bogging down (*ibid.*, p. 33). By the 1980s people had become leery of government and the prospect of its expansion (Kramer 1987: 249). But clearly something had to fill the gaps left by the failures of the market and the government to deliver various social and other programmes.

2) *Contract Failure*

The needs of minorities remain. In a tandem hypothesis to Weisbrod's, Hansmann (1987: 29) proposes his theory of 'contract failure': nonprofits develop when "ordinary contractual mechanisms do not provide consumers with adequate

¹¹ For example, a comparatively recent health problem is Aids. In both the UK and Canada, there have been many new voluntary organisations which have launched hospices, homecare programmes, and funded research with donations. In comparison, governments have been slow to react, except to see it as yet another public health problem as deserving as any other. Aids activists say government response is bureaucratic.

¹² In both the UK and Canada, it was the same pattern.

means to police producers.” (*ibid.*). He uses the example of a daycare centre, in which the clients (little children) are not able to make informed decisions about their care. He says care arrangements are made *on trust* by parents for their children.

Hansmann claims that parents acting for their children, see nonprofit organisations as more decent and trustworthy, and more giving than their for-profit counterparts. He says that nonprofits are a response to the “assymetry in information” between those who use a service and those who provide it (*ibid.*).

Hansmann also asks what are the characteristics of the nonprofit providers that allow them to serve as ‘private suppliers of public goods’? Well, first there is the aspect of trustworthiness; people who operate voluntary organisations are constrained by law from personally profiting from providing a service. Second, there is the idea that nonprofits are efficient because they often use a combination of paid staff and volunteer labour to provide services. Third, often the size of the organisation is more ‘human sized’ -- it is not a bureaucracy with a large administration. This may reassure people that personal attention and attention to detail is not lost.

3) *Voluntary Failure*

Salamon (1987b) agrees that market and government failure can lead to contract failure but he questions whether or not the voluntary sector is capable of filling in all the gaps left by the market and government. He proposes a theory of ‘voluntary failure’ which leads to ‘third-party government’. Salamon claims there are four factors which pertain to the voluntary sector and which make it very difficult for the sector on its own to fill the gaps. The four factors are philanthropic inefficiency, philanthropic particularism, philanthropic paternalism and philanthropic amateurism (*ibid.*, p. 39-42). First, philanthropic inefficiency means the voluntary sector cannot

generate enough resources on a consistent basis to fill the needs. Philanthropic particularism is a problem for the sector because not every need or condition is adopted by a voluntary agency. Some causes are favoured over others; difficult or unpleasant causes do not find a “home in the established agency structure” and sometimes there is duplication of services. Third, philanthropic paternalism, according to Salamon, stems from the fact that “private charity is the only support for the voluntary sector” (*ibid.*, p. 41). He says that as long as the wealthy shape what causes private charity embrace, then the needs of the community as a whole cannot be addressed. This leads to two more problems, one that the state of affairs is anti-democratic and two, that the poor have very little say over how resources are spent. Finally, he claims that the voluntary sector reflects a philanthropic amateurism which emphasises reliance on volunteers rather than professionals, and private solutions instead of public care.

Looking at these four factors, one may think that Salamon ‘doth protest too much.’ These four factors above are a testament to the need for further development and provision by the welfare state and a lessening of emphasis on the voluntary sector. However he cannot bring himself to support beefing up the government sector. He maintains that the voluntary sector is the more acceptable face of public spending in that it creates less bureaucracy, is less costly, and more flexible than the government’s response to various social needs. When confronted with arguments about the inflexibility and bureaucracy of government provision, Johnson poses two questions: are these problems inescapable by-products of the statutory sector, and are other “configurations of services” going to be fault free? (1999: 19) Salamon’s solution to voluntary failure is “third-party government” or a government-nonprofit partnership

(Salamon 1987b: 42-3). He claims that the “voluntary sector’s weaknesses correspond well with the government’s strengths, and vice versa.” (*ibid.* p.43) For example the government must earmark money for causes and set priorities based on public policy, while voluntary organisations can deliver certain services more efficiently than can government. He further claims that third-party government is an extension of the welfare state and

‘allow[s] us to come to terms with the reality of government-nonprofit relationships far more effectively than the alternative concepts now in use.’ (*ibid.*)

Johnson does not seem so sure. He sees the welfare state as

“a victim of its own success. It is the success of state services which has raised people’s expectations of them and created the gap between demand and supply.” (Johnson 1999: 21)

III Theories of Government/Voluntary Sector

From Salamon’s perspective (1987b, 1995), the voluntary sector can no longer – if it ever did -- exist as a pure form without being attached in some way to the government sector. This is not a new idea: Johnson (1999: 152-3) lists three theories of government-voluntary relationships.

1) *Parallel Bars Theory*

This theory developed in the nineteenth century, when the state took a more serious role in the provision of certain social services. The concept is that there are two spheres of social provision: the government and the charitable sphere. Based on the Poor Law, the government had to provide some help to the ‘undeserving’ poor, the drunks, the layabouts and those who refused to work. The ‘deserving’ poor --

including widows, the disabled and orphans -- received assistance from charity.¹³

Interestingly enough, on a scaled down version, the parallel bars theory was followed in Canada, albeit beginning at the start of the twentieth century. The difference was that government was meant to support the ‘deserving’ poor and charity the ‘undeserving’ poor!¹⁴

2) *Extension Ladder Theory*

A second theory, or the extension ladder theory, was proposed by Sidney and Beatrice Webb in 1916. They disagreed with the idea of two spheres or parallel bars, in part because of the ‘missed cases’ – the ones that were not clearly defined as ‘deserving’ or ‘undeserving’ – which fell through the rungs of the parallel bars. Instead they proposed an extension ladder theory which would create “an enforced minimum standard of life” (1916: 252), provided by government. Voluntary organisations, they proposed, would top up state provision.¹⁵ This concept was very much part of the strategy in building both the UK’s and Canada’s post-World War II welfare states.

3) *‘Junior Partner’ Theory*

A final theory which sheds light on the government/voluntary sector, is the idea of a partnership between government and voluntary organisations. The idea was first proposed by Elizabeth Macadam and taken up by many researchers over the next half-century. Macadam says the voluntary sector’s role is to provide innovative or experimental social schemes and act as a watch-dog over government (1934: 302-3).

¹³ For a more complete explanation, see Chapters 3 and 4.

¹⁴ See Chapter 4.

¹⁵ See Chapters 3 and 4.

David Owen (1964: 527) calls voluntary organisations the “junior partner in the welfare firm” as a way of reaffirming the longstanding partnership between the state and voluntary organisations. The Nathan Committee reinforces the idea that state provision has to be primary, though it must take its cue from voluntary action.

“...historically, state action is voluntary action crystallized and made universal.” (Nathan Committee 1952: paragraph 39, p. 8)

Though these theories are not new, they dovetail with Salamon’s theory of ‘voluntary failure’. Salamon, like Macadam, thinks that the voluntary sector can provide supplementary provision to government services as well as an innovative or democratising influence (Salamon 1987b: 38-9). This is echoed by Paul Hirst who claims that voluntary self-governing associations are the only means to ensure citizen involvement in social services (1994).

Though Macadam predicts that the voluntary sector will be needed to “guard the guardians” and to protect citizens from government laziness (Macadam 1934: 302-3) in reality the voluntary sector is being watched over by the state to ensure accountability, efficiency and equity in delivery of services (Salamon 1995: 109-111). The reversal of watch-dog roles seems to make the voluntary sector vulnerable and even endangers its independence (*ibid.*; Wolch 1990: 216; Lipsky and Smith 1989: 629).

By pointing out the failures of the market and the government sectors, we are left with the third sector, the voluntary sector. But the voluntary sector also has its failings (as described above). It has wrestled with being independent and distinct from the statutory sector in some circumstances and in some eras, to at other times being dependent and a partner with the government sector. Salamon (1987a) argues that

the line is blurred between the government and the voluntary sector and that is the way it ought to be. He argues that the voluntary sector is really part of the government sector. In a way the confluence of the two sectors is a logical step given the sectors have been moving toward one another for the last century. This is a dangerous assumption according to Wolch (1990: 205-7) and Landry *et al* (1985: 97-99) who see the mixing together of the two sectors a distinct disadvantage for the voluntary sector. Deakin (1995: 63) and Hedley (1995: 111) argue that the sector must strive to be independent from the government sector in order to ensure its diversity and its spirit of dissent.

IV Classification of Voluntary Organisations

In order to examine the voluntary sector, it is important to try to classify or categorise it. Classification means putting some order or ranking into this large and extremely diverse sector and to divide it into subsectors. For example, in the UK, there are more than 171,000 registered charities (Kendall and Knapp 1996: 5) and a total of more than 350,000 voluntary organisations, including registered charities (Handy 1988: 3). In Canada there are more than 75,000 increasing by ten new organisations every week (Picard 1997a, b). Classification helps determine what common elements exist among components or units within a group and the ways in which they differ (Salamon and Anheier 1992: 268). A system of classification has two important tasks: defining and showing the differences among organisations and building a foundation for grouping them (*ibid.*). In order to select organisations for study in this research, the sector had to be subdivided, but along what lines? As Johnson says, “It is probable that different purposes call for different classifications.” (1981: 16) There are almost an unlimited number of ways of grouping voluntary

organisations, for example according to size, function, structure, economic activity, geographical area, management structure, volunteer base. It is important to remember that while

“... classification is essential, however, it is also very difficult. No single classification system is perfect for all possible purposes. ... For some uses, it is sufficient to group all organisations that are part of a class simply by size. For others, more complex classifications are necessary.”
(Salamon and Anheier 1992: 269)

To begin with, let us look at the couple of things voluntary organisations have in common. First, they have staff, whether paid or volunteer, and often a combination of both. Second, voluntary organisations derive their funds from a mixture of sources including donations, investment income, government grants and service charges (Murray 1969: 5). They differ primarily by mission or area of activity and by size, from “a few devoted individuals to massive complexes” (*ibid.*). Size is a very important factor, especially in a UK-Canada comparison.¹⁶

1) *The ‘Sorting Out’ Process*

Salamon and Anheier (1992; Salamon 1995) claim the basis of the ‘sorting out’ process lies in three questions: first, whom is the organisation serving, its own members or a broader public? Second, is the organisation providing services itself or simply distributing funds to other service providers? Third, are the services provided secular or religious? Based on these considerations, they draw up a list of four classes of voluntary organisations: funding agencies which give money to service organisations; member-serving organisations; public benefit organisations and finally religious congregations.

¹⁶ See Introduction and Conclusion.

Several scholars use all or some of these categories in their own efforts to classify. There seem to be two major ways to classify -- the first is based on structure, and the second is based on function or activity.

2) *The Minimalists*

Before looking at the structural categories, I want to look at the way “the minimalists” classify voluntary sector organisations. I call them the ‘minimalists’ because their classification systems boil down to two or at most three factors, which tend to over-simplify the process. Drucker (1990: 111-12) insists voluntary organisations can be divided into two: those that are driven either by moral or economic concerns. Mary Morris, in her study of Halifax, decides that the two ways of categorising voluntary organisations are those concerned with social service and those concerned with “meeting the educational, social or recreational needs of their own members” (1962: 16, 111). The final ‘minimalist’ is Henry Hansmann (1980: 840-2; 1987: 28). He develops a four-way categorisation of nonprofits. He divides organisations by how they derive their income: either from donations or from commercial means like service fees. The second axis is control: the organisation is ‘mutual’ if donors or members control the board of directors. If the board is ‘self-perpetuating’ he calls it ‘entrepreneurial’.

Figure 2.4 Four-Way Categorisation of Nonprofits

	<i>Mutual Organisations: ones which are controlled by patrons or donors</i>	<i>Entrepreneurial Organisations are free from formal control by patrons or users</i>
<i>Donative Organisations derive money from donations and/or grants</i>	Donative Mutual eg: trade unions Political clubs	Donative Entrepreneurial eg: Oxfam, Barnardo's
<i>Commercial Organisations: derive money from charging for services or goods</i>	Commercial Mutual eg: Canadian Housing Federation (CHF) NACAB	Commercial Entrepreneurial Private nonprofit nursing homes

– adapted from: Hansmann 1987: 28; 1980: 841-2.

There are two problems with Hansmann’s matrix. Overall, his matrix seems to be country-specific. The ‘donative’ and ‘commercial’ aspects are not mutually exclusive in voluntary organisations in the UK and Canada. There are often organisations based on donor fees or memberships, like Oxfam and Mencap which also have a commercial strand to them, like charity shops. The second problem, as David Billis points out, is the following: what is the good of looking at who controls voluntary organisations when the more important question is whether or not they have “real associational roots” (Billis 1993: 252). The types of organisations Hansmann refers to tend to have inadequate social roots. Billis warns that without deeper social roots, organisations are liable to have very short life expectancies (*ibid.*).

The final ‘minimalist’ is Hudson (1995: 264) who shares two concerns with Hansmann, composition of the board and source of funds. The third factor he considers is the purpose of the organisation. The major problem with the ‘minimalists’ is that their classification system tends to be polarised; they leave either too much or too little room for the grey areas in-between.

3) *Classifying by Function*

To a great extent, how organisations are classified is determined by the legal and tax status enjoyed by nearly half of the organisations in the nonprofit sector in both the UK and Canada. The legal status sets the stage for classifying around the functions of organisations or as Kendall and Knapp say, the multi-functional characteristics of voluntary bodies (1993: 4).

Brenton ascribes the following set of functions to voluntary organisations, particularly in the area of social services: first, a social service-providing function (1985: 11-12). The organisations provide a direct service, whether informational, legal or support to people. Second the mutual aid function “is about self-help and exchange around a common interest.” Group pressure group or advocacy or campaigning is the third function which Brenton describes. The fourth is the resource or co-ordinating function which acts as “a central catalyst or repository” (*ibid.*) for expertise and information on a given subject. In the UK this function applies to national and local intermediary bodies, that co-ordinate efforts of member organisations. Intermediate organisations in Canada are called umbrella organisations which provide a similar function but on a national, provincial, regional or local basis. The co-ordinating function is an important feature to look at when selecting organisations to study. Whether an organisation is a local group or a branch of a national or provincial organisation shows where it fits in the larger context and has “implications for the internal administrative structure” (Johnson 1981: 21) and by extension, on how human resources are managed.¹⁸

¹⁸ Barnardo’s human resources used to be managed centrally from London headquarters; HR are now managed regionally from regional offices.

Murray (1969: 4-5) and Handy (1988: 12) rely on the first three of these functions in their classification systems: service delivery, mutual aid and campaigning. Handy claims the main problem of a classification system is just as sectors blur, there is blurring of functions in voluntary organisations.

“There lies the rub, for in this unconscious blending of the categories lies much organisational confusion.” (*ibid.*)

a) Expressive versus Instrumental

Gordon and Babchuk (1966: 25-6)¹⁹ divide voluntary organisations' functions into two groups: the instrumental and the expressive dimensions. Providing services or campaigning belong to the instrumental dimension, because they produce an output like a tangible service or benefit. Mutual aid belongs to the expressive dimension because it meets certain constituents' needs through activity. The expressive is often linked to the idea of intrinsic motivation which is so vital to those working in the voluntary sector (Mason 1996: 6). The instrumental and expressive dimensions are not mutually exclusive; indeed in most voluntary organisations both need to exist.

Voluntary organisations at the local level tend to be more expressive because they need to attract volunteers and satisfy their needs and the needs of paid staff 'on the ground.'

At a provincial or regional level, organisations tend to be more instrumental (Johnson 1981: 19).

Gordon and Babchuk (1966: 27) put forward three other functions of voluntary organisations: first, accessibility of membership; second, the status defining capacity of the organisation and third, the categorisation of organisational functions as instrumental or expressive. They contend there are status conferring capacities built

¹⁹ See also Johnson (1981)

into voluntary organisations that provide services or mount campaigns. But mutual aid or self-help groups are expressive organisations

“... whose activities aim at the immediate gratifications of the participants, rather than the pursuit of some goal that occurs subsequently... and perhaps outside the organisation itself.”
(*ibid.*, p. 25)

In addition to their being expressive, there may be little distinction between the recipients and the givers which may attach a social stigma, especially if the cause or problem is frowned upon. An example is Alcoholics Anonymous, in which there is no ‘professional’ social worker or volunteer in charge. The expressive function of this organisation may limit its status. Pinker comments that social services may be broken into two categories: those with “status enhancing and [those with] stigmatizing propensities” (1971: 135). The following chart attempts to locate four functions of voluntary organisations in a matrix which explores the relationship between instrumentalism and expressiveness and status-enhancement and detracting:

Figure 2.5 The Instrumental and Expressive Dimensions in Nonprofits

	<i>Status-enhancing</i>	<i>Stigmatising</i>
<i>Instrumental dimension</i>	Service-providing organisation (eg: Barnardo's) Resource or co-ordinating organisation (eg: NACAB, National Association of Citizens Advice Bureaux)	Mutual-aid or self-help organisation (eg: Alcoholics Anonymous)
<i>Expressive dimension</i>	Campaigning or pressure group (eg: Amnesty International or Friends of the Earth)	----

4) *Classifying by Structure*

Many researchers²⁰ claim that independence and autonomy are at the core of voluntary organisations.

“... voluntary action is independent of state control and voluntary organisations are essentially those established and governed by their own members, without external intervention. Independence, in the sense of self-management, is the hallmark of voluntary action.”
(Gladstone 1979: 4)

There are three basic elements that Johnson (1981: 14), Brenton (1985: 9) and Hatch (1980: 15) agree upon in their structural definition: first, voluntary organisations must be independent from government; second, they must be self-governing and third, they have to be non-profit distributing²¹. These factors distinguish voluntary organisations from those in the statutory or for-profit sectors.

From the discussion in the previous section it can be seen that perhaps the most difficult element is independence from government. What does independence mean? Is it compromised when organisations are fulfilling government service contracts, or when they accept funding or grants from government? This is a thorny issue. Salamon (1995: 102) lists three threats to the independence or autonomy of the voluntary sector and its organisations. First, independence often dictates how strong the advocacy or campaigning activities are in an organisation. Second, the issue of ‘vendorism’ (see also Kramer 1994) arises in a discussion of independence. Vendorism takes place when organisations distort their mission or role to chase government funding. Third, independence can be compromised if organisations become too professionalised or too

²⁰ See also Johnson (1981), Hatch (1980: 15), Gladstone (1979), Rooff (1957: xiii).

²¹ Brenton points out that non-profit distributing is opposite to “non-profit-making, as many voluntary bodies raise finance through trading nowadays.” (1985: 9)

bureaucratic, thus losing touch with grass-roots or with local issues. The question of bureaucracy has many facets. Hatch suggests bureaucracy sets in when paid staff, rather than volunteers, dominate voluntary organisations (1980: 11-12). Landry *et al* claim that accountability and bureaucracy go hand in hand, and they are in fact good for voluntary organisations because they provide a workplace culture which functions effectively (1985: 41-2). Perhaps bureaucratic is the wrong word to describe the rules, the processes, the elected volunteer board of directors, the professional and voluntary staff.

In 1974, the Joseph Rowntree Memorial Trust and the Carnegie United Kingdom Trust established the Wolfenden Committee to examine the role and function of voluntary organisations and the future needs for voluntary services in Britain. The Wolfenden Report (1978: 20) notes five structural developments that have emerged since the 1960s. The first is the increase of specialist services, not available from statutory services but available from the voluntary sector. Second, the report notes the rapid growth of pressure groups trying to change government policy. Third there is an increase in mutual aid groups. Fourth, there is an increase of intermediate or umbrella organisations which co-ordinate voluntary agencies on a local and national level. And finally, local and central governments are funding (if only partially) various voluntary services.

These five features have been considered by a number of scholars when attempting to classify the sector.

5) *Structural/Operational*

Most recently, Salamon and Anheier (1992: 283) have arrived at what has become a definitive system of classification of the non-profit sector and the

organisations within it. They utilise a ‘structural/operational definition’ which is built around five core features. According to their definition

“The non-profit sector is a set of organisations that are formally constituted; non-governmental in basic structure, self-governing; non-profit-distributing and voluntary to some meaningful extent” (*ibid.*).

They look at existing classification systems in terms of six features: their evaluation criteria (how it will be put to use), their economy (how unwieldy it is), their significance (how the distinctiveness of the sector is preserved), their rigour or reliability, their ‘combinatorial richness’ (their depth and complexity) and finally their organising power -- ‘their ability to fit circumstances other than the one it was originally developed to fit.’ (*ibid.*, p. 272). Salamon and Anheier discover that no one existing system to date has pulled all these features together. They developed their own system called the International Classification of Nonprofit Organisations (ICNPO) as an alternative approach.

a) ICNPO system

In summary, the ICNPO designates 12 major activity groups, including a “catch-all ‘Not elsewhere classified’ group”. The 12 groups are then sub-divided into 24 smaller groups which have been divided into a number of activities. This is reproduced in Figure 2.6 (at end of chapter).

The major strength of the ICNPO classification system is that it has a wide scope. It includes virtually every type of nonprofit organisation and because they are grouped together, they are easier to evaluate and access. It is a system which can allow for cross-cultural and cross-national classification -- which in a country like Canada with three layers of voluntary organisation (federal, provincial, local) can help with comparisons. The major drawback of this system is that it is based on *activity*,

and many organisations have more than one activity and can easily fall into two or three categories. This can be confusing. Taking a look at Shelter in the UK, as an example, its mandate means it falls under Group 4 200, social services emergency -- because it looks for emergency housing; Group 6 100 and 6 200 (community development and housing) and also Group 7 100, as a civic and advocacy organisation. In Canada, the Salvation Army falls under Group 3 (Health) because they operate nursing homes; Group 4 (because they are contracted to provide social services and emergency shelter accommodation); Group 9 (because they operate relief missions in several countries); Group 10 -- since it is primarily a Christian-based organisation and Group 6, as they manage sheltered workshops that employ and train the mentally disabled.

Smith (1996: 2-3) notes several areas that the ICNPO either leaves out or to which it does not give enough credence. The first is grass-roots associations, which he claims does not truly fit into the 1 200 category of recreation and social clubs. He maintains there should also be a category 2 500 which would be parent-teacher or alumni associations in support of education. Thirdly, under 3 400, there is no mention of self-help or support groups for various physical and mental illnesses.

What comes to mind when one looks at Figure 2.6, is that the matter of activity or function is primary and structure is secondary. And there is a problem thinking about classification mainly in terms of functions. As Maria Brenton points out,

“To think in terms of functions lessens but does not eliminate the fundamental difficulty of cross-categorisation of multi-functional agencies” (1985: 11).

Before looking at the classification system used in this specific research and the methodology employed, it is useful to understand some of the history of the voluntary

sector in both the UK and Canada. The following two chapters highlight milestones in the history of the sector, especially the rapid development of an effective statutory sector in both countries over the last 75 years which culminated in the creation of a welfare state. It is the relationship between the voluntary sector and the welfare state which sheds the most light on issues of management and human resource management in today's voluntary sector.

Figure 2.6 International Classification of Nonprofit Organisations (ICNPO)
Summary Table

Group 1	Culture & Recreation	Group 6	Development & Housing
1 100	Culture and arts	6 100	Economic, social and community development
1 200	Recreation	6 200	Housing, housing association, housing assistance
1 300	Service Clubs	6 300	Employment & Training, job training, sheltered workshop
Group 2	Education and Research		Development & Housing
2 100	Primary and secondary education	6 200	Housing
2 200	Higher education	6 300	Employment and training
2 300	Other education, vocational, adult, technical education	Group 7	Law, Advocacy and Politics
2 400	Research, medical research, science and technology, social/policy studies	7 100	Civic and advocacy organisations
Group 3	Health	7 200	Law and legal services
3 100	Hospitals & rehabilitation	7 300	Political organisations
3 200	Nursing homes	Group 8	Philanthropic Intermediaries & Voluntarism Promotion
3 300	Mental health & crisis intervention	8 100	Philanthropic intermediaries, grant making foundations, fundraising orgs.
3 400	Other health services	Group 9	International Activities
Group 4	Social services	9 100	exchange/friendship/cultural programmes, development assistance, relief organisations
4 100	Social services, child welfare, family services, help for handicapped, elderly	Group 10	Religion
4 200	Emergency and relief, disaster relief and refugee assistance	10 100	Religious congregations & associations of congregations
4 300	Income support and maintenance, material assistance	Group 11	Business & professional associations, Unions
Group 5	Environment	11 100	Business & prof. ass'ns, trade unions
5 100	Environment, natural resources, pollution control, conservation	Group 12	Not elsewhere classified
5 200	Animals, wildlife protection, veterinary services	12 100	(NEC) Not elsewhere classified

-- taken from Salamon and Anheier (1992: 283)

CHAPTER 3 ~ BRITAIN'S CHARITABLE HISTORY

I Charity and Public Provision

Historians have traced philanthropy or charitable action to medieval times (Smith 1995: 10). In England alone over 500 voluntary hospitals, like Lord Leycester's Hospital in Warwick, were established in the twelfth and thirteenth centuries (Rubin 1988: 1). Set up primarily to care for the sick, veterans, the blind and victims of disease, these hospitals were usually funded by the well-off in a local town.

Almshouses, and later workhouses, were another feature of philanthropy which endured for centuries. Richer townsfolk endowed foundations or charitable trusts which provided money for indoor relief in the form of almshouses and hospitals open to various classes of the needy. Almshouses and annexes of active treatment hospitals were built to house destitute children, the unemployed and the work-shy. Along with giving free accommodation and fuel, the local foundation or trust supported residents with tiny weekly allowances to cover the purchase of food.¹

There were of course many other poor and maimed people who were not resident in the almshouses or hospitals. For them, outdoor relief was given by the local foundation – usually this was a small weekly sum in the same amount as for those in a residence. As early as 1547 London tried to institute a compulsory poor rate because of the irregularity of charitable alms. This voluntary assessment met with mixed results until the Act of 1572 was passed. It called for local officials 'by their good discretion' to levy a fee on all residents to go toward the upkeep of the poor. But the relief was never enough, so begging on the streets, though frowned upon, was

¹ Indeed in 1562, the standard rate was fixed at six pence per person (Webb 1966: 15).

permitted. In fact in Warwick, before 1650, more than 80 per cent of all gifts to the poor were comprised of outright doles (Slack 1988: 166) which were handouts of money to beggars in the streets. Many Londoners, like Samuel Pepys, kept 'poor boxes' in their homes; the money collected was dispensed to the poor in the streets (*ibid.*).

1) *The Poor Law*

The first real attempt to regulate charity was the Charitable Uses of 1597 which tried to clamp down on unscrupulous activities by providing for the appointment of charity commissioners. Though repealed, the bill was re-introduced as the Elizabethan Statute of Charitable Uses and passed in 1601. The Statute of Poor Relief or Poor Law was also passed in 1601. It created three tiers of the poor. The handicapped or sick were to be hidden away in an almshouse or hospital or given dole money. This was in the domain of charities. The unemployed were to be given work, or the means to work, so they could earn their keep. The idle poor were to be punished by shunting them off to a workhouse or poorhouse and stripping them of their independence. These last two tiers were the domain of the state or parishes which were supposed to police the indigent, especially to stop the begging in the streets. While voluntary organisations and churches were supposed to help the 'deserving poor', the state was charged with caring for those perceived to have brought bad circumstances upon themselves-- the 'undeserving poor'.

The Charitable Uses Act and the Poor Law laid the two tracks for treatment of the poor over the next four centuries. On one track was voluntary action which reached its zenith in the nineteenth century, and on the other track was the statutory provision which culminated in the creation of the welfare state in the wake of World

War II.

The two initial laws were inadequate to serve the needs of the poor and the abilities of charities to cope. For example, often unemployed husbands were sent to the workhouse, leaving the wives and children to beg or steal in the streets. Charitable trusts had to build, govern and staff hospitals and almshouses, when their interest was simply to fund good works. The laws could neither be easily enforced, nor were their critics easily silenced. As a result, over the next two hundred years, there were several attempts to tinker with these laws. But any suggestions for improvements or better administration of the Poor Laws or amendments to them posed problems for those involved including parish officials, justices of the peace and the trustees of the trusts and their stewards (Andrew 1989: 44). Any change could mean the entire system could be knocked off balance and a power struggle ensue (*ibid.*).

But there were often struggles between two views of workhouse charity. On the one side there were those, notably Quakers, who believed that the poor could become a self-sufficient community if they could be brought together in a workhouse that had a co-operative and kindly environment (Hitchcock 1987: iv). On the other side were those who felt the poor should be self-supporting and near starvation before seeking assistance from the public purse -- the parish and the workhouse. By 1777, more than one per cent of the population -- over 90,000 people -- were housed in deterrent workhouses, in which humanitarian spirit was in short supply (*ibid.* p. xx, xxi).

2) *Associated Philanthropy*

But at the same time a new, almost contemporary, idea about charity arose. David Owen claims that there was new reliance on “associated philanthropy” --

philanthropic organisations which both extended, and even superseded, the efforts of the individual philanthropist (1964: 30). Wealthy people started to move away from the concept of endowing individual trusts (which in turn funded almshouses and hospitals) to banding with others like themselves to aid in a charitable cause, like education. The charity school movement was born. It

“... placed its stamp on British philanthropic methods.... this first large-scale venture in associated philanthropy offered a convincing demonstration of what could be achieved by the pooling of individual effort.” (*ibid.*)

Both Owen and Andrew (1989) write at length about education being the key focus of charity until the mid-eighteenth century. But the over-arching feature of eighteenth century charity was its puritanical bent which Andrew terms the “philanthropy of piety”. Though in the first part of the century, charity concentrated on education and vocation, by the mid-century maternal care and child welfare were the most favoured charitable endeavours. Finally, by the century’s end, the well-off supported causes tied to moral reform and discipline². These three focuses of charity were suffused with the notion of Christian morality. First, in terms of education, “religious training was the prescription, and the charity school the instrument” for social conditioning which formed the basic curriculum in charity schools (Owen 1964: 24). Social conditioning required that poor children be trained to be sober, hard-working and obedient members of society; academic skills were secondary (*ibid.*). Charity schools prepared tens of thousands of British children to be the bulwark against the pauperism or indolence of their parents.

Second, charities concentrated on improving maternal and infant health. This

² See Andrew (1989), also see Valverde (1991) about moral reform.

was in line with a national sentiment about creating a stronger imperial presence for Britain (Andrew 1989: 56-7). By the mid-eighteenth century Britain was embroiled in the War of the Austrian Succession and the Seven Years' War. In 1758, British forces conquered the French and took over what was then New France, or Canada. The American War of Independence, eighteen years later, also created a need for military might. In Britain, many felt new wars involving Britain could break out at any time and the country was destined to be victorious. But in British cities, disease ravaged the young. Between 1730 and 1740, though 150 000 babies were born in London alone, nearly 110,000 children under age five were buried (*ibid.*, p. 55). To ensure that there were healthy troops for the foreign wars, it became a priority for charities to help mothers and their infants with "lying-in" care³ in hospitals. Charities also provided orphanages for children without families and street children.

Finally, support for moral reform and self-discipline was perhaps the most 'successful' campaign for charities. It began in the last decades of the eighteenth century, and its heyday was nearly one hundred years later, in the last decades of the nineteenth century.⁴ Interest in moral reform continued in a modest way into the early twentieth century and began its downward slide during World War I.⁵ Moral reform was spurred on by the Christian church. The expansion of the British empire seemed to prompt the growth of Christian mission to distant places (e.g. African colonies). Concurrently there was a rise of Christian evangelism at home. One example is the

³ help with childbirth and post-natal care

⁴ For growth in charities supporting moral rectitude and social control, see Smith (1990), Andrew (1989), Prochaska (1990), Morris (1990). For its decline, see Finlayson (1990).

⁵ see below

Sunday school movement. In the 1780s, more than 200 000 working class children were attending Sunday school and just twenty years later the number swelled to more than two million (Smith 1995: 18). The idea behind the Sunday school movement was to foster a work ethos and a sense of discipline in working class children. The concept was so popular, that a national voluntary organisation, the Society for the Support and Encouragement of Sunday Schools, was founded in London in 1785 (Andrew 1989: 171). EP Thompson writes that the capitalist class required diligent workers for the factories, and that Sunday schools were a key to indoctrinating children about 'time thrift', or disciplined time (1967). His argument is that children who entered the world of disciplined time, which was part of Sunday school and factory work, left behind 'pre-industrial sloth for modern industry.' (*ibid.*)

Thompson and others see the movements for moral reform, purity, and self-discipline arising out of the desire by the powerful in society to temper political unrest of the times. There was the fear that the unrest that fuelled the French and American revolutions would sweep England.⁶ Taking it a step further than Thompson, Andrew contends the emphasis on control and punishment was to counter the state's worry about incipient agitation at home⁷. On the other hand, historian TW Laqueur (1976: 188-9) believes that Sunday schools were not so much a control mechanism but a cultural phenomenon and part of, not an intrusion upon, working class life. He points out that the working class was instrumental in setting up Sunday Schools, and not only

⁶ See Andrew (1989), Valverde (1991), Morris (1990).

⁷ One example was the Peterloo Massacre of 1819. Yeomen tried to clamp down on a radical political meeting in Manchester by riding horses into the crowd. Eleven people were killed and more than 500 injured in an act of "class aggression and military incompetence", according to Morris (1990: 408).

attended but taught in them. Though early Sunday schools were funded by subscriptions from those in higher social classes, by early in the nineteenth century, money came from people of all social classes who donated money to attend annual sermons.

By the end of the 18th century, voluntary societies and associations had sprung from public places such as coffee houses and taverns. Many were social clubs for artisans and for tradesmen, political clubs, debating clubs and the Masonic Order was founded at that time. These voluntary associations were based on two elements: mutual aid and an appreciation of self-help. After the turn of the nineteenth century, two threads of voluntary action emerged: philanthropy and self-help. These threads were part of the social fabric of British life and British social policy for the next two hundred years⁸.

Looking first at the thread of philanthropy, in the early nineteenth century, some voluntary organisations promoted civic pride by creating libraries and museums. Clearly these organisations were not dedicated to conventional philanthropy, but rather – broadly speaking – to political affairs. The fact that voluntary organisations were moving into the civic sphere, that they were not only serving the poor, the disabled or the indigent was a turning point. Voluntary organisations of all sorts were growing and nudging the state to take a more active role in both traditional philanthropy and this new civic sphere.

Anything the state took on was, in fact, a new role. Smith (1995: 33; Harris 1990: 67) comment on England's *laissez-faire* attitude toward government and

⁸ See Beveridge (1948), Macadam (1934), Bourdillon (1945).

regulation. For example, beyond the initial Elizabethan statute for poor relief, there were only a handful of laws passed to assist the poor in nearly three hundred years. The laws that were passed proved very difficult to enforce. For instance, the 1736 Bill for the Better Relief of the Poor, which allowed constables to pick up beggars off the streets for taxation purposes, and to search their homes, was considered excessive because it subject people to penalties without proper trials.⁹

The state faced a dilemma. If it acted coercively, by removing beggars from the street or forcing the poor into workhouses, it threatened people's idea of liberty. Worse still, state coercion meant virtually hijacking the work of voluntary organisations and the will of the well-meaning citizens who cultivated charity as a national pastime. In fact, by the latter part of the nineteenth century, a large majority of adults in Britain were very committed to the voluntary sector and belonged to several such organisations (Morris 1990: 420-22; Owen 1964: 164).¹⁰ Even as late as 1911, revenues from registered charities exceeded public expenditures on the Poor Law (Lewis 1995: 1).

The debate between voluntary and state provision (or coercion) was hotly debated and remained unsettled until the mid-twentieth century, until the welfare state was basically complete and members of the House of Lords claim the country had moved 'from the era of laissez-faire' to the 'era of the positive state.'¹¹

II The Golden Era of Charity

At the start of the nineteenth century, the idea of limiting government to a small

⁹ See Andrew (1989).

¹⁰ To give some idea about the popularity of voluntary organisations, 34 per cent of British men born between 1901 and 1920 said they had belonged to the Boy Scouts (Morris 1990: 424).

¹¹ Quoted in Finlayson (1990), p 186. See also Smith (1995).

bureaucracy was still very much in vogue. Civil society was expressed through voluntary associations in the community rather than through the “persona of the state” (Harris 1990). So the idea of the Victorian state, according to Harris, was to

“...provide a framework of rules and guidelines designed to enable society very largely to run itself.” (1990: 67)

A good example was the Poor Law. From 1834, elected boards of guardians implemented the Poor Law. That same year the Poor Law Amendment Act called for the abolition of ‘outdoor relief’ – which was money or help given to people in their homes, to force them into workhouses, where men and women would be paid below market rates (Lewis 1995: 10). Though outdoor relief was never entirely abolished, and not every poor person ended up in the workhouse, the idea in Victorian society was to separate paupers or the undeserving poor from the deserving poor in rest of civil society. Charity, rather than the state, was charged with making this determination and put effort toward ensuring the deserving poor did not slip into the undeserving category.

This meant there was a lot of work for charities and voluntary organisations, which is why Smith (1995) calls the Victorian era the ‘golden age of voluntary organisations’. In fact, the Goschen Circular of 1870 reinforced the principles of the Poor Law Amendment and reminded boards of guardians to differentiate between the reputable and disreputable poor and to slap able-bodied paupers in the workhouses (Lewis 1995).

Despite the state’s reliance on the voluntary sector, there were problems that dogged the sector and its myriad of organisations and agencies. Three general points can be made. First, a major problem with charity rested with the uneven and

prejudicial way in which it was organised and dispensed. Second, the behaviour of people associated with some charities or voluntary organisations and their mandates drew the ire of many in Britain. Third, there were people making arguments about the necessity of a more consistent, and less haphazard treatment of the poor and less fortunate.

First there is the matter about the uneven and petty ways in which charity was organised and dispensed. Many critics have cited as evidence the sprouting of thousands of tiny charities set up by social reformers or by churches. These organisations, on the one hand, reflected a new social conscience in Britain. But on the other hand, they were

“... essentially non-systematic, capricious, fragmented, uncoordinated and competitive, and because most frequently they were aimed at moral reform and social control more than social need, they proved inadequate to the enormous need that existed.” (Brenton 1985: 16)

Second, there was a backlash in various communities against the self-righteous behaviour of those involved in some charities and voluntary organisations. For example, the temperance movement appeared to be an attack on a major working class leisure activity-- going to the pub (Smith 1995: 17-18). Sunday ‘blue’ laws decreed that there could be no sports or games played on workingmen’s one day off every week. In addition, when Bible societies demanded a penny a week from households which could ill afford it, working people felt it was a ‘cruel and unnecessary tax’ and became suspicious and hostile to charity (*ibid.*). One upshot of their hostilities was the formation of the Skeleton Army in more than sixty towns in southern England. The Skeleton Army was a vigilante group composed of publicans and their customers who opposed the sober rules and dictates of the Salvation Army (*ibid.*). The Skeleton

Army marched alongside the Salvationists and beat on drums, kettles and pots to drown out their music; often the Skeleton Army threw vegetables and rubbish at the preachers (Bailey 1977).

The third point is that many people in Victorian times disputed the notion that charity was indeed able to provide the consistent and clear path to helping the poor. Philanthropy was no longer simply almsgiving. Philanthropy was anchored by three organisational weights at the time. The first was philanthropic or charitable organisations, in other words organisations which collected and gave money or help to the poor for the sake of giving and doing good. The second type was mutual aid organisations; people getting together to jointly subscribe to insurance or burial services¹².

Finally a new tradition emerged -- one of campaigning and political protest. Campaigning, even in Victorian times, took many forms including charity bazaars and charity shops which relied on volunteers and exist up to today. Payroll giving, very popular today, was initiated by Dr Barnardo's at the turn of the twentieth century (Smith 1995: 15).

Smith makes a good case for tacking campaigning on to Beveridge's binary model of voluntary action that includes only philanthropic organisations and mutual or self-help organisations (*ibid.*). A fourth type of philanthropy is informal activity, personal help donated by families, friends and communities. The informal sector existed long before the other three sectors. Interestingly, not many histories of charity and voluntary action seriously note the contribution of the informal sector. Finlayson

¹² See an excellent description of funeral and burial insurance in Reeves' *Round About a Pound a Week*.

(1990: 184) and Prochaska (1990) do; Prochaska observes that historically, charity begins at home, and that

“...domestic life gave rise to a philanthropic buzz, humming recurrently in a world that was hazardous and unpredictable and, well into this century, relatively unadministered by the state.” (1990: 361-2)

He further comments that because the family was the basic social unit of British society, orphanages and asylums were meant to be more like family, rather than institutions.

1) *Self-Help*

As noted earlier, narrowly defined morality and Christian evangelism played a large role in the voluntary organisations of the nineteenth century. Lord Shaftesbury, himself a leading philanthropist of the time and involved in more than 200 voluntary organisations, said he was gratified to see that the great philanthropic movements of the century had been started by evangelical Christians (Smith 1995: 14).

On the one hand, by mid-century, there were the beginnings of resistance to the idea of Christian charity forming the basis of aid to the poor. But that opposition was not realised until nearly sixty years later (see below) when the first social insurance act was passed in Parliament. On the other hand, a new trust in the individual, self-help and mutual aid had developed along with a resurgent reliance on philanthropy to solve problems of poverty in nineteenth-century Britain.

First, in terms of self-help and mutual aid, Samuel Smiles' 1859 best-selling book, *Self-Help: With Illustrations of Character and Conduct* became a sort of Bible for those who felt people had to rely on themselves, not charity or the state, for help. In the early part of the nineteenth century, friendly societies were looked upon as synonymous or linked with trade unions. Friendly societies were arguably one of the

key social movements of the working class in the Victorian age. In their heyday, they had more members than either trade unions or co-operatives¹³. In keeping with a laissez-faire policy, by mid-century, the government simply left friendly societies alone in the hope they would provide insurance services for members. In the last two decades of the century, it was clear that the friendly societies would not insure older workers and a debate grew over whether or not the state should provide a national pension scheme. At first, the friendly societies, the Charities Organisation Society (see below) and even the Trades Union Congress were opposed to any state interference (Smith 1995).

Second, self-help fitted the needs of the philanthropic movement as well. In his book, Samuel Smiles' exhortation,

“Help from without is often enfeebling in its effects, but help from within invariably invigorates,” (1900: 21)

certainly advanced the cause of the Charity Organisation Society (COS). Founded in 1869,¹⁴ it deemed pauperism to be a moral condition, due to drunkenness or drug-taking or prostitution. The COS tried to keep the spheres of the ‘undeserving’ poor separate from the ‘deserving’ poor -- who were widows, orphans, the disabled, the sick etc. The mandate of the COS was to investigate all relief claimants and label them as either ‘undeserving’ or ‘deserving’. The ‘undeserving’ could claim very limited help under the Poor Law; its mainstay was to dragoon the able-bodied poor to the workhouse. For the ‘deserving’ poor, the COS offered some economic relief and

¹³ See Smith who claims that in the mid-1870s more than 4 million people were members of friendly societies – four times the number people in trade unions (1995: 30-31).

¹⁴ See Smith (1995), Lewis (1995)

home visitors, the precursors to social workers. The goal of the home visits was to strengthen the moral fibre of the poor recipient and to promote self-reliance and the desire to be self-supporting. As Lewis points out,

“Above all the aim of the COS was to restore the deserving to ‘self-maintenance’, so that they became capable of engaging in market exchange and participating fully in civil society ... Their aim was not then simply economic, but was related to their ideas about charity as a means of creating an ethical society.” (1995: 11)

It is at this stage that social workers and their duties, notably home visits, were introduced. Clearly the home visitors were sent to decide who got what form of charity.

2) *Social Causes of Poverty*

Still, it was becoming clear to some that there may be social causes to being poor which were like an “unexploded time bomb ticking away inside the structure of the New Poor Law” (Harris 1993: 239). The notion of the home visitor -- the precursor of the social worker -- fitted nicely into the concept of scientific charity. Many thought that simply giving doles to the indigent was not going to change the poor, instead there was a move to stop personal doles.

“The charitable impulse was not allowed to flow freely; it had to be scientifically harnessed in a regulated environment if it was not to degrade both recipient and giver.” (Fido 1977: 212)

Lewis (1995) equates scientific charity with the classical economists’ school of thought that pauperism would only be encouraged, without full testing of the poor to discover their level of need or destitution.

So there was some debate about the role of early social workers, because of their exclusive efforts to rehabilitate the ‘deserving’ poor. One critic who writes about the lack of progressiveness in the practice of social work during the Victorian

era is Gareth Stedman Jones (1971). His position is a counterweight to Rooff's official centennial history of the COS, the Charity Organisation Society (1972). Rooff attempts to divide the regressive doctrine of the COS from what she considers its forward-thinking social work practice. Jones argues that the COS was willing to give assistance to families only if the breadwinner was willing to enter the workhouse to 'earn' his keep (Jones 1971: 279). Jones writes that the COS "bitterly fought against the suggestion of free dinners for poor children" because it infringed on the responsibilities of the individual families (*ibid.*, p. 311). He makes the point that philosophy cannot be separated from practice (*ibid.*, p.313). If the idea was to assist the 'deserving' poor and to try to re-make them, then the practice of relief tended to coerce, humiliate and disempower them.

The major critics of the two-tier system of welfare were Beatrice and Sidney Webb, Fabians and writers, and George Lansbury, a Labour member of Parliament. Beatrice Webb and Lansbury were members of the 1905-1909 Royal Commission on the Poor Laws and Relief of Distress. The majority report called for an increased role for the voluntary sector in the provision of welfare and that state aid should be "less agreeable" than voluntary aid. Webb and Lansbury authored a minority report which argued that the state must provide basic social welfare or a "National Minimum of Civilised Life" (Webb and Webb 1929: 546), and that the voluntary sector should top up state aid. Using the metaphor of voluntary organisations as an extension ladder, The Webbs write that the voluntary organisations would be

"carrying onward the work of the public authorities to their finer shades of physical, moral and spiritual perfection." (1916: 252)

Importantly, the Webbs do not call for the elimination of voluntary

organisations. They felt that these organisations were necessary to fuel the most creative care and raise the standards of health and welfare for people. Brenton (1985) suggests that the Webbs believed voluntary organisations had “inherently superior qualities” that were useful in specialist roles, but not in providing basic and universal social services. These ideas are echoed by Macadam (1934) and Cole (1945).

3) *The State's Action*

In Victorian and Edwardian times, the state wore a moral mantle which fitted the virtuous apparel worn by most voluntary organisations, including trade unions and mutual aid societies. The state's moral identity was not properly attached to economic or political power (Harris 1993). So the state's moral position could not really address the problems Britain faced at the dawn of the twentieth century-- problems such as poverty, poor housing, unemployment, a relatively under-educated workforce, and increased industrial competition from abroad. The government felt pressured by citizens whose needs were not being wholly met by voluntary provision. As José Harris explains,

“The practical process by which change occurred was a piecemeal and unsystematic one, involving many ambiguities and inconsistencies in public policy and many attempts to harness together and reconcile social principles that were seemingly in tension.” (1993: 218)

The Old Age Pensions Act in 1908 and the National Insurance Act in 1911, which called for mandatory contributions to basically unemployment insurance, weakened the role of the friendly societies, though they continued to exist until well into the 1940s¹⁵. The 1905-1914 Liberal governments also passed laws providing school meals and school medical services (Owen 1964).

¹⁵ For a wider examination of the rise and fall of friendly societies, see Ware (1996).

Times were changing in the lead-up to World War I. As late as 1911, according to Harris (1990: 68), the gross annual income of registered charities -- excluding mutual aid and unregistered charities -- surpassed the state's expenditure on the Poor Law. But after that, the situation reversed. From 1911 to 1949, there was a genuine decline in the voluntarism and an increase in state benefits (Finlayson 1990, Smith 1995). For example, the Dean of Norwich, who had been appointed to the Royal Commission on the Poor Laws and supported the minority report stated,

“What we want is the volunteer as aiding and supplementing the Public authority; never as a substitute or alternative...” (Owen 1964: 520)

GDH Cole (1945) suggests that it was the strong showing of the Labour party as a significant political force in the new Liberal government of 1905 which tipped the balance in favour of state provision. Even CS Loch, Secretary of the Charity Organisation Society (COS) acknowledges social legislation or ‘state philanthropy’

“indicates very clearly that the spirit of enterprise in social matters [had] passed from the people to the State.” (quoted in Finlayson 1990: 185)

However the growth of the state did not mean a failure of voluntary action. The needs of soldiers and civilians during World War I gave new impetus to the Red Cross, the Order of St John and the Women's Institute (Smith 1995). In 1919, the founding of the National Council of Social Service (now the NCVO) became the coordinating body for various kinds of community action. Nevertheless at the war's end, there needed to be a “land fit for heroes” for returning soldiers, the building of which was too significant to be entrusted to the voluntary sector alone (*ibid.*).

According to Macadam (1934) the role of agencies in delivering various social services for the state evolved in the inter-war years, despite the lack of government funding for some of them. Still the estimate was that by 1934, 37 per cent of total

income for registered charities came from the state as payment for services¹⁶.

Yet there was still considerable debate about whether or not voluntary agencies ought to develop partnerships with government. Macadam writes that no matter how inclusive statutory provision is, there will always be a need for independent associations to “ ‘guard the guardians’ -- to act as watchdogs over State action” (1934: 302-3). She quotes former Prime Minister Baldwin on the government’s use of voluntary organisations as “...a means of rescuing the citizen from the standardizing pressure of the State’s mechanism” (quoted in Macadam 1934: 304). Cole (1945) writes that voluntary organisations were useful in meeting ‘specialised’ needs rather than general needs, and that the voluntary sector tried to fill the gaps of state provision, not provide an alternative to it.

On the other hand, many thought that voluntary organisations were not up to the tasks at hand and the scale of problems which faced inter-war Britain, such as poor housing, unemployment and other social issues. Simey (1937) writes that voluntary action could not effectively tackle issues of social administration like poverty, unemployment or sickness. Also that voluntary organisations had an “inability to cope” with needed professionalism, with recruitment, training and the overhead costs associated with having a paid workforce.

Crossman, thinking back to his times in the Workers’ Education Association (WEA) of the 1930s, has nothing but revulsion toward voluntary provision of services. He recalls that he

“... disliked the do-good volunteer and wanted to see him replaced by professionals and trained administrators.... Philanthropy to us was no [sic]

¹⁶ Quoted in Smith (1995).

odious expression of social oligarchy and churchy bourgeois attitudes. We detested voluntary hospitals maintained by flag days." (1976: 264-5)

In 1932, Labour MP George Lansbury told the House of Commons that his party would not "accept charity as a substitute for social justice."¹⁷

By the end of the decade, it had become clear that voluntarism could not meet the bulk of social needs and an approach that combined voluntary action with state action might be necessary (Finlayson 1990; Smith 1995; Lewis 1995). There were several reasons for this. First, World War II was on the horizon and the state was being expanded to coordinate the war effort -- both abroad and at home. Just as after World War I, the state felt obliged to reward in some way, the men who had fought for their country and the families who had remained behind struggling to maintain a livelihood. The unemployment and appalling conditions in which many lived between the wars could have led to an increase in union membership and militancy, so it was prudent to increase the state's stake in social services. Secondly, state spending on social services was growing significantly, from 33 per cent of government expenditures in 1913, to 37.6 per cent in 1938 to more than 46 per cent in 1950.¹⁸ But during the 1930s, state planning was small-scale: the state was reluctant to interfere with capitalism and further, there was the idea that the state should not undermine citizens' individual responsibility to look after themselves and their families (Finlayson 1990: 189-90). Finally, the potential of class conflict may have also prodded state expansion of social services. Working people were tired of having voluntary action

¹⁷ See Finlayson (1990).

¹⁸ Cited in Finlayson 1990. By 1975 it had risen to 53.5 per cent according to the Wolfenden Committee (1978: 24)

being dispensed by the wealthy. As Simey points out,

“Voluntary social service has been...largely of a patronising coal-and-blanket and Sunday-school-treat type, and this has left behind it a bitter feeling of resentment in the minds of many working-class people.” (1937: 139)

However the expansion of the state did not deny the moral context of the times. Virtually all social thinkers, leaders and politicians claimed that voluntary action could not be abandoned in favour of purely state provision.¹⁹ Beveridge, in fact, lamented “the inevitable development of state action.”

Nevertheless the state eventually had to take the dominant role. This can be seen especially in what Finlayson (1990: 188) refers to the “should not cope” and the “could not cope” arguments about social service provision. In the 1940s, the Labour government dissolved the arrangement dating back to 1911 between approved friendly societies and national insurance. The idea was that state welfare “should not” co-exist with the commercial sector of voluntarism, as a matter of public policy. The same thing happened with voluntary hospitals. The government believed that private, voluntary hospitals, no matter how well meaning, “should not” be sanctioned by a government which advocated universal and free access to all. The government also argued that both in the case of national insurance and hospitals, that these institutions “could not cope” with the needs of a growing nation. The “should not” and “could not” arguments played a big role in the development of welfare state and its implementation.

Though World War II had brought an acceptance of state intervention in some areas and collective action, William Beveridge did not believe in a ‘Santa Claus’ state

¹⁹ See Smith (1995), Finlayson (1990), Lewis (1995), Prochaska (1990), Beveridge (1948)

providing everything. Instead he was clear about favouring a 'Social Service State,' rather than a 'Welfare state.' (Finlayson 1990: 189). Still, when the Labour Party won the 1945 election, it was hard to escape the fact that

“... the Welfare State came into being with no clearly defined conception of welfare and no coherent theory of the State.” (Harris 1986: 257)

III The Welfare State and Voluntary Action

The postwar welfare state's aim was to provide British people with a social minimum to assure freedom from “Want ... Disease, Ignorance, Squalor, and Idleness.” (Beveridge 1943: 10) A set of laws were passed including the National Health Service Act (1946) which set up a comprehensive and universal medical plan; the Children's Act (1948) to supplement the Family Allowances Act (1946); and the Education Act (1944). The National Assistance Act (1948) was passed to fill in the gaps of the revised National Insurance Act (1946), which erased the last trace of the Poor Law.

Though the idea of claiming assistance as a right was very new and exciting to many people in Britain, others feared that comprehensive state support would darken the prospects for philanthropy. While some voluntary organisations, like the RSPCA - Royal Society for the Prevention of Cruelty to Animals, continued to thrive as they were wholly outside the realm of the legislation, other organisations, notably those that supplied surgical items like crutches and braces for poor patients, had no future because of the free help available through the National Health Service.

Still, as mentioned earlier, Beveridge and others in the government still backed the idea of a place for voluntary action. Beveridge's highly influential book, *Voluntary Action* (1948), called for two things. First, an adherence to philanthropy

and its goals of unselfishness and service to others and second, a renewed interest in mutual aid, like friendly societies, co-operatives and building societies. The Labour government stood by the idea of voluntary action, as Lord Pakenham speaking for the government in the House of Lords said,

“We are convinced that voluntary associations have rendered, are rendering, and must be encouraged to continue to render, great and indispensable service to the community.” (quoted in Deakin 1995: 46)

In 1952, the Report of the Committee on the Law and Practice Relating to Charitable Trusts, otherwise known as the Nathan Committee Report, was issued. The report acknowledged that “...state action is voluntary action crystallised and made universal” (Nathan Report, 1952: paragraph 39). Further that despite the state now guaranteeing a minimum level of social benefits, including education, health care, housing, pensions, etc., there was no need to mothball voluntary action. As the Nathan Report puts it,

“... far from voluntary action being dried up by the extension of the social services greater and greater demands are being made on it.... the democratic state, as we know it, could hardly function effectively or teach the exercise of democracy to its members without such channels for, and demands upon, voluntary service.” (1952: 15)

The issue of democracy, referred to throughout the Nathan Report, was not new.

Throughout the twentieth century, many who wrote and thought about the poor and provision for them saw the voluntary sector as something that fostered democracy²⁰.

The two roles for voluntary action, as defined by the ‘parallel bars’²¹ theory, and the

²⁰ See Beveridge (1948), Macadam (1934), Webb and Webb (1916), Owen (1964).

²¹ This was the nineteenth century idea that there were two spheres of charity – the undeserving poor who were to be looked after by the state and the deserving poor who were to be looked after by charity. These two solutions were called parallel bars (see Webb and Webb 1916: 232-3 for a better explanation.)

‘extension ladder’ theory,²² were no longer very relevant. The ‘parallel bars’ idea was long dead -- especially with the imminent demise of the Poor Law (see Owen 1964).

The ‘extension ladder’ theory was not going to work since a large number of voluntary organisations had disappeared with the advances of the welfare state.

What was left was the idea that voluntary organisations could play a major role in democratising society.²³ This became especially true from the 1960s to the present day. As Deakin points out, the 1960s saw the establishment of organisations devoted to development issues, like OXFAM and VSO (1995: 49). One of their aims was to bring a democratising influence to former British colonies now independent countries abroad. After running programmes abroad, some in the voluntary sector thought there was a need for more community input and making organisations more responsive to problems and more democratic at home. Women became more actively involved in leading agencies which took an interest in single parents, the elderly, the organised poor and those on low wages, and the homeless.

In 1978, the Joseph Rowntree and the Carnegie Foundations were anxious to know more about the future of foundations and voluntary organisation. They commissioned a report, the Wolfenden Committee’s *The Future of Voluntary Organisations*. The report looked at four major service areas, the informal, the state, the commercial and the voluntary sector and the relationships between them (Deakin 1995: 53). The Wolfenden Committee’s Report saw voluntary organisations “as partners, gap-fillers and providers working alongside Government agencies....”

²² The ‘extension ladder’ idea was that voluntary organisations should ‘top up’ state provision (See Webb and Webb 1916: 256-7)

²³ See Macadam (1934), Nathan Report (1952), Beveridge (1948) among others.

(Wilson: 1996: 80) Though the report did explore the weaknesses of the sector including the problems of bureaucracy and lack of accountability, it failed to anticipate the privatisation of services.

“We shall assume that the commercial sector as a means of providing the social needs with which we are concerned is unlikely to grow to any significant extent before the end of the century.” (Wolfenden 1978: 24)

Though Wolfenden's words ring hollow, arguably, no one could have foreseen the scale of the reform and reorganisation of the welfare state and the contracting out of services that would take place in the next fifteen years under the Thatcher government.

1) Voluntary Sector Today

There is an overwhelming lack of clarity and blurring of the boundaries in the voluntary sector today (Billis 1993, Marshall 1996, Kendall 1996). Voluntary organisations and charities that started out based on strong religious and moral values, still continue to be so (Kendall 1996). But religion may not be the dominant force behind voluntary action anymore. Voluntary organisations serve a wide range of people and provide a great many benefits in fields like social services and culture. Some voluntary organisations are devoted to campaigning and others to working hand-in-glove with state providers. Voluntary organisations operate in the private sphere (relying on fees for service), the non-profit sphere, and the statutory sphere relying on contract work from the government. An audit of voluntary organisations in the UK would turn up more than 150,000 registered organisations (Handy 1988), and probably again as many that are not registered as charities.

Just as the nature of voluntary organisations has changed over the years, so too has their role in society. First their role was limited to the provision of relief to the poor, the homeless and the disabled. The state provided little; even under the Poor

Law, state provision was almost non-existent except for consigning the poor to workhouses in the late eighteenth and nineteenth centuries. Debates raged about voluntary versus statutory provision. It was only in the second half of the twentieth century that the government formed a welfare state, which turned the voluntary sector into a 'junior partner' in service provision or delivery.

The voluntary sector's 'junior partner in the welfare firm' (Owen 1964: 527) status has improved recently; voluntary organisations have joined the new 'contract culture'²⁴. The last twenty-five years²⁵ have seen a major increase by central and especially local governments to contract services to voluntary organisations. This has been significant in three ways. First there is the question of whether or not voluntary agencies can indeed perform and provide the services the state has hived off to them. As pointed out earlier, the government of fifty years ago recognised the need for decent housing, free health care, education and other forms of social assistance and established a welfare state. However, the governments from Thatcher to Blair seem to be saying that for-profit or nonprofit contractors can provide the necessary services to citizens.

Second, there is the question of whether or not the independence of the voluntary agencies and their stated missions are compromised²⁶ if they are wrapped up

²⁴ See Lewis (1996), Deakin (1995; 1996) plus US scholars such as Kramer (1994), Smith and Lipsky (1993).

²⁵ 'Contracting out' on a small scale started long before the mid-1970s. For example, during World War II, the central government made agreements for financial support of various voluntary organisations which carried out work for the government. Organisations included the Women's Voluntary Service, the British Red Cross and the Citizens Advice Bureau (Smith 1995).

²⁶ See Lewis (1996), Deakin (1996) plus US scholars such as Kramer (1994), Smith and Lipsky (1993) among others.

in government contract work. As far back as 1934, in her book *The New Philanthropy*, Macadam warns that

“such [voluntary] societies usually prefer independence of State aid in order to preserve their complete freedom.” (1934: 303)

Finally, there is the argument about users-as-customers versus users-as-citizens (Deakin 1996:21). The contract culture means voluntary organisations have to be open to scrutiny, become more professional, more efficient, and provide services up to a certain level. This is what recipients or customers need and deserve. But what about the needs of recipients or customers as citizens? Will there still be campaigning or advocacy work done to any degree for them? Will the demands of the contracts and the service provision allow the time and space for people to actually be involved in voluntary organisations. How will these organisations maintain the values and traditions of four hundred plus years of voluntary action?

IV Analysis

How can four hundred years of history of the voluntary sector be analysed? Perhaps it can be done thematically. There are two models that seem to be useful in analysing themes in the sector's history, the evolutionary and the linear model.

1) *Evolutionary Model*²⁷

The evolutionary model relies on stages or bench marks which pertain to service delivery. Essentially, the evolutionary model places voluntary action in four different stages. The first is the person-to-person stage; during this time the wealthier give alms or direct help to the poor.

“Its parameters are the personal covenant between doctor and patient, the

²⁷ Adopted from Martin (1985)

teacher and family, the patron and the artist, personal assistance to a neighbour weakened by accident or misfortune.” (Martin 1985: 26)

Stage I began far earlier than the history section in this dissertation. But 1601 marked the time when laws were passed which obliged the government to take some responsibility for the problems of the poor in Britain. Despite the laws, by far the bulk of assistance to the poor came voluntarily from individuals, from collections, from churches, rather than the state.

Still, the passing of the Poor Law set in motion Stage II, the ‘institutional stage’ during which individuals and churches banded together to found voluntary hospitals, almshouses, or asylums. In the British context, this voluntary provision of institutions expanded over centuries, while state provision lagged far behind. The voluntary provision of this ‘institutional stage’ was bolstered by the nineteenth century movement of moral reform based to a large degree on Christian evangelism. Voluntary action involved two aspects, philanthropy and mutual aid. Both embraced the idea of moral reform which “...saw in misfortune... the punishment of sin.”²⁸ The ideas of moral reform and social control also proved popular with government which did not want to encourage pauperism by dispensing outdoor relief. Instead the preference was to send the able-bodied poor, the indigent, the elderly and even the ‘lunatic paupers’ to workhouses.²⁹

Finally, after nearly 300 years, voluntary organisations began to sag under the strain of being the mainstay of social welfare. In the lead-up to World War I, it was

²⁸ RH Tawney quoted in Andrew 1989, page 13.

²⁹ By the turn of the nineteenth century, there were nearly 4,000 workhouses operating throughout Britain. See Wood (1991).

clear that the state had to take more initiative. This included several new laws, notably the National Insurance Act of 1911 which protected older workers considered poor risks for insurance through the friendly societies.

According to Martin (1985) Stage III evolved as voluntary organisations began to expand and attempt to broaden their appeals for donations and their base of service. He says at this point, though individuals and voluntary organisations continued to support and operate various institutions, there was the recognition that the state had to take a more active – even a leading – role. It began when government, rather than the voluntary sector, started to take the lead in social provision. By World War II it was obvious that social welfare (as well as education and health care) had to be funded from taxes, not through voluntary contributions. When the welfare state was created in the wake of the war, voluntary organisations had to ‘find their feet’ again and try to provide in ways the state did not. Though successive governments praised voluntary action and assured voluntary organisations there would always be a role for them, on the whole voluntary action was deemed supplementary or complementary to the role of the state.

Martin anticipates that Stage IV

“...is the logical, inevitable, and ultimate humanistic delivery system.... Charity – a word with demeaning connotations – would cease to exist.... Each citizen[s] ... sole obligation and responsibility would be to the state, to pay their fair share of the tax burden needed to sustain the system.” (1985: 27)

Basically, he is talking about Stage IV as a welfare state.

But at this point Martin’s evolutionary model needs to be challenged. Martin sees the final Stage IV -- the welfare state -- as the apex of achievement:

“The allocation of society’s resources for attainment of the good life shall be skimmed off the top of the national wealth in the only fair and equitable way yet devised by mankind: through a tax system...” (Martin 1985: 27)

But rather than being in Stage IV, society seems to have been knocked back to Stage III. Britain has moved back from Stage IV to a rejuvenated Stage III, now termed the ‘mixed economy’ of social welfare (Johnson 1987: 55; Brenton 1985: 154). Indeed the 1980s and ‘90s saw profound cuts to government funding and a decline of services (Billis and Harris 1996; Brenton 1985). Despite the continued existence of a welfare state, the state favours partnerships with business and with the voluntary sector. The government finds it especially fitting to make use of voluntary organisations as providers of pared-down welfare services.

2) *Linear Model*

A second way to view the history voluntary sector is to examine it as a linear model. This is a model which relies on dates and decades to mark the development of the sector. There are nine time periods – from 1601 (for ease and brevity) to the present day.

The first time period is 1601 to 1680. This was a time of individual giving, mainly casual alms, and the founding of voluntary hospitals. It is also a time of charitable endowments, or trusts that wealthy people established to fund almshouses, primarily.³⁰

³⁰ See Slack (1988), p. 11-12.

The second, third and fourth periods are described by Andrew (1989). The second is from 1680-1740; it is a time that charity was fixed firmly on delivering education and training. There were three facets to this: the charity-school movement, the workhouse movement and the societies for the formation of manners³¹ (ibid.). Though historian David Owen views these societies as “aberrant examples of associated philanthropy” (1964: 21), they led the way in the social movements for purity and virtue in eighteenth century charity.

The third period is from 1740-1770. During those decades, charities concerned themselves with three new areas of aid; child welfare, maternity care and help for prostitutes. It is unclear why the focus shifted from education (Andrew 1989) but a key reason for the new interest in orphans and infants was the fact that Britain had been involved in several wars (see above) and the country needed to create a fit fighting force for the future.

The next fifty years, from 1770-1820, is the fourth period. Philanthropists and political figures were concerned with industry and commerce. Andrew (1989: 139-40) explains a mainstay philosophy for the better off was the idea that men laboured because they had to, and that the more they worked, the happier and more productive they would be. Second, that by keeping wages low, men would work harder and Britain could undersell her overseas competitors. Finally, those who fell behind, through illness or lack of work could be helped by charity. Since there was significant unemployment combined with a growing population, there was more reliance on

³¹ One example was the Society for Promoting Christian Knowledge (SPCK); see also Owen (1964: 21-35)

charity and state provision.³² Because of this, three new ideas emerged. First, there was a shift away from supporting institutional care; second, people were uncertain about promoting population growth and finally, many thought dependency had to cease (Andrew 1989). There were crises of confidence in funding many hospitals and asylums. Donations dropped off.

The fifth period spanned the rest of the nineteenth century. Voluntary organisations were dedicated to moral and social reform of society, based on a belief in Christian evangelical mission. It was the “age of light, soap and water” (Valverde 1991). Visiting societies became popular as did the notion of ‘scientific charity’; visitors from organisations such as the Charity Organisation Society (COS) went to homes of the poor to assess the need and the form of relief -- should it be supplied by charity or by the state? There was a serious measure of social control built into voluntary action of the period, as seen in organisations as disparate as the COS and the Salvation Army.

The turn of the twentieth century began the sixth period, which lasted until the end of World War I. The outgoing Conservative government initiated the Royal Commission on the Poor Laws (1905-1909). It resulted in a majority and a minority report. The majority report was really a paean to the COS and its views which accorded with those of Poor Law officials (Owen 1964: 517). The minority report stressed government provision for a national minimum social standard for

³² Andrew (1989: 139) reports that from 1748 to 1775 poor rates grew from £700,000 to £1,500, 000.

everyone, and relegated voluntary organisations to topping up state provision.³³

From 1909-1911, the new Liberal government passed several laws which tried to fix the problems (notably a lack of a comprehensive national insurance plan) generated by previous reliance on provision by voluntary and mutual organisations.

The inter-war years form the seventh period. During this time several charity hospitals faced deficits and had to be financially bailed out by the government.³⁴

Wages remained low, but inflation was rising. In addition medical science and technology were changing rapidly which

“represented to most of the voluntary hospitals in Britain a sentence of death” according to Richard Titmuss (1963: 153). Though other charity and voluntary organisations (aside from hospitals) existed, they were having a difficult time surviving.

Though voluntary organisations existed,

“they were now serving a somewhat different purpose and were increasingly a means of subsidizing a service rather than of carrying it in full.” (Owen 1964: 531)

1940-1975 marked the eighth period. The welfare state is established and suddenly voluntary organisations are a “junior partner in the welfare firm” as Owen says. Beveridge lays

out the necessity for a welfare state but insists the state

“should not stifle incentive, opportunity, responsibility; in establishing a national minimum, it should leave room and encouragement for voluntary action...” (Beveridge 1942: 6-7)

During the 1960s and 70s, despite the establishment of social work as a profession

³³ In fact this topping up, or extension ladder theory, was amplified in Webb and Webb (1916).

³⁴ See Owen (1964).

which worked virtually exclusively within statutory social services, many people were not being cared for by the state. Many were being helped through informal care provided by family and friends, which dwarfed organised voluntary care (Lowe 1999: 280).

The final and ninth period, from 1975 to the present day, is the time of the 'remoralising of society'.³⁵ This may seem a little harsh, but policies since the Thatcher government in 1979, have been inimical to state welfare. These New Right policies claim that state welfare reduces individual freedom all the while encouraging the disadvantaged to take advantage of others in society. As Lowe explains, the Thatcher government's

"... populist message was that governments in their economic policy should act like housewives and balance their budgets. Likewise, in social policy they should behave like responsible parents and strive for the ultimate independence of those temporarily dependent upon them." (1999: 307)

Though the government had vowed to 'roll back' the state, to end the 'dependency culture' and to reduce taxation, public expenditure steadily rose from the mid-1970s to the mid-90s.³⁶ Even cabinet ministers during the Thatcher years hung on to provision through existing social services, claiming them were both necessary and low-cost (Lowe 1999: 340-41). However, the late 1980s saw government impose restrictions to access. Unemployment benefit was harder to get, certain benefits were means-tested, and income support was cut off for some young people. The irony is that when state provision is strong, voluntary organisations can be weak. But voluntary organisations have had to become stronger and more professionalised in the wake of

³⁵ See Lowe (1999)

³⁶ There are a couple of exceptions, see charts in Lowe (1999), p.316-317.

the privatisation of state services.

In the last twenty years, the two strands of philanthropy as mentioned by Beveridge -- voluntary organisations and mutual aid groups, more accurately self-help groups in today's parlance -- have been enlisted by the government to provide many social welfare services. The government's interest in the voluntary sector is not necessarily aimed at reducing public spending (though that is a possible benefit), but more likely for political reasons (Johnson 1999: 154; 157).

The purchase-of-service agreements or contracts between governments and voluntary organisations could be fraught for reasons including accountability and independence. Self-help groups, though sometimes politically active, tend to blur the distinction between those receiving and those providing services (Johnson 1987:105).

CHAPTER 4 ~ CANADA'S CHARITABLE HISTORY

There is a lack of academic research about the history of the voluntary or charitable sector in Canada. Indeed Walter Stewart, a contemporary writer on Canadian politics and the state, refers to Samuel Martin's 1985 *An Essential Grace* as "one of the few books on Canadian charity" (Stewart 1996: 49). Between Stewart's acerbic examination of charity in Canada, Martin's book and several historic tomes including Struthers (1994), Valverde (1991) and Guest (1997), I hope to be able to make some useful comments on the social history of the voluntary sector.

There are four possible reasons for the lack of research in this area. One may stem from the fact that Canada is a much younger country than Britain. Canada, though proclaimed a dominion in 1867, only received home rule in 1931 by the Statute of Westminster. Fifty-one years later, in 1982, Canada repatriated the constitution (the British North America Act -- the BNA Act) from Britain. The second reason is a political one: Canada is composed of three layers. The federal and provincial jurisdictions are described in the old BNA Act and in Canada's 'newer' constitution. The federal government deals with matters national in scope, like air transportation and regulation, banking, railways, resource development and grain handling. There are twelve provincial jurisdictions, ten provinces each with its own legislature, and two northern territorial governments also now with legislative power.¹ This second layer, the provincial governments, are charged with education, social services, delivering medical care, child care, social housing² and regulating labour among other duties.

¹ In 1999, half of the Northwest Territories became the province of Nunavut.

² Housing, as a responsibility, is shared between the federal and provincial governments.

The third layer is the municipal or city level of government which looks after libraries, local economic development, fire, and police. These are not exhaustive lists but it is important to know that unlike Britain which is highly centralised, Canada is an enormously complex and decentralised country. There is a persistent pull for power between the federal government and the provinces. Voluntary action and voluntary organisations exist at all three levels – sometimes as national organisations which have head offices in Ottawa, and satellite offices in the provincial capitals and smaller offices in smaller centres. The voluntary organisation may be entirely locally based with political and economic control from a city or town. And there are permutations in between. So while the first reason stated earlier was that Canada is a young country, it might be more correct to say that Canada is a politically fragmented country, with voluntary organisations based at the federal, provincial or local levels -- or at all three. Any history of the sector, then, would have to be quite exhaustive.

A third reason for the dearth of historical material is that since European settlement in the early seventeenth century, Canada has had two histories, one French and one English. Until the final third of the twentieth century, there was little cross-pollination between the two. Fourthly, Canada's welfare state, though it developed along the same lines at the same time as Britain's, was more limited and less complete.

The first section of this chapter looks at the voluntary history in a chronological fashion – though I don't pretend it will be all-inclusive. The second section will look at the two themes applied to the British history plus a third theme, which is special to Canada.

I The Colony of New France

When the Elizabethan Statutes were enacted in England in 1601, Canada was

not yet a country. Canada, from its earliest days, was a dependent economy and a maritime frontier, its people dependent on trapping and fishing (Morton 1975: 93-4). The map of New France shows the area roughly of present day Québec and part of the maritime provinces. Canada was dependent on the sea power of the Danes and Norsemen in the sixteenth century (*ibid.*, p. 95). Certainly the St Lawrence River, a major waterway which runs through Québec to the Atlantic Ocean, had been ‘discovered’ by French explorer Jacques Cartier as far back as 1535.³ Samuel de Champlain had established a first tiny settlement in 1608. After the French conquest in 1608, the country was dependent on the French naval fleet. But the important year for what was to become Canada was 1663. In that year, the tiny and rather unimportant colony called New France was transferred from the private hands of the Company of New France, to direct royal control.⁴

New France was not a ‘mirror image’ of its mother country, owing to the grim conditions imposed by a colonial society in a harsh climate. The laws and institutions of New France:

“... reflected the prevailing ethos of authoritarianism to an even greater degree than did the more complex and less malleable society of old France.” (McRae 1964: 221)

Unlike the early English colonists who brought to America a certain non-conformism, an individualism, a desire for less government, the French who emigrated to New France subscribed to the theory of ‘well-meaning absolutism.’ New France was the “closely controlled projection of a highly centralised regime” (*ibid.*, p. 222).

³ Of course Canada had been inhabited for centuries before this by Indians, or native people, but they have been unjustly ignored by many Canadian historians.

⁴ See McRae (1964: 219-274).

New France recognised that France was too busy in Europe to pay much heed to its colony and that church and state in the new country had to resolve their own conflict⁵. Despite this, the new régime adopted many of the customs of France, including an out-dated feudal land lease arrangement called the *seigneurial* system, and collected royalties to give to the crown for minerals found, or for cutting down oak trees to build ships. ‘*Les habitants*’⁶ allegiance to the monarchy was a “particularly satisfying political tie” (Morton 1975: 99). The government in France and in New France though military in organization, also allowed people a large measure of personal independence. People looked to those in the higher rank to help defend their rights and give them help. It was a very humane system⁷, in part because the church reinforced the idea that the royal authority represented justice and mercy, and in part because the crown did try to relieve some hardships and dispense favours (Morton 1975).

1) *Early Philanthropy*

New France mirrored France’s ‘aristocratic welfare state’ (Martin 1985: 57). The French colonial régime believed that the crown had to protect the legitimate interests of all those in society and that “the rich must nourish the poor” (*ibid.*) Of course the French crown determined the general good and what the state could not or would not support was handed over to the Catholic Church to provide.

In New France, the basic unit of society was the family, not the individual, and

⁵ See McRae 1964: 222-3

⁶ *Habitants* means the French settlers in Québec, especially the farmers and trappers. Today it means the ‘pure’ French-Canadians, people descended from the 17th century. The *Habs* is the nick-name for the Montréal *Canadiens* hockey team.

⁷ See McRae 1964.

citizens were expected to care for their own (Martin 1985: 57-8). On the one hand, the seigneurial system contributed to this structure by providing security, order and a measure of social cohesion. On the other hand, families faced the cruelty of poverty and disease more or less on their own. The few doctors there were had been sent over from France. True to the 'pioneer spirit', families did help other families but begging was so rampant that the crown established the Bureau of the Poor in 1685. The Bureau's three main objectives were to ensure no person starved, to help the jobless find suitable work and to curtail public begging (*ibid.*).

The establishment of the Bureau in every major town in Québec was a bonus for citizens living in them. The local priest, who headed each bureau, selected two women to go door-to-door collecting donations "to allow all to contribute according to the means and dictates of conscience" (*ibid.*) While funds were derived from fines levied for petty crimes and donations by the local citizenry, the major source was the French crown which gave 6,000 *livres* annually⁸ (*ibid.*, p.59).

Neighbour did help neighbour, especially in times of disasters like fires or outbreaks of small pox and typhoid. In fact as early as 1639, the first hospital⁹ was established in Québec City; it was a private charity staffed by doctors imported from France. If people could not pay, they got no treatment (Stewart 1996: 49). There was an early form of health insurance, however. In 1655, Montréal doctor Étienne Bouchard agreed to care for all illnesses -- excluding smallpox, leprosy, plague and epilepsy -- for a fee of five *livres* per family. Forty-two families, more than 200

⁸ This amounted to more than £30,000 UK pounds in today's money.

⁹ Given as an act of philanthropy by the French Duchess D'Aiguillon

people, signed up (Eccles 1968: 36). Two other doctors at Hôtel-Dieu Hospital in Montréal made similar contracts with poor families (*ibid.*).

Demands for services grew as immigrants arrived. In 1665, census figures show the population was only 3,215 (McRae 1964: 225). By 1681, it had tripled to 9,677 (*ibid.*). France kept very careful track of who was sent to New France and only those who were young, physically robust and had ‘unimpeachable’ religious beliefs were allowed to emigrate. As McRae notes, “...the colony was to represent the quintessence of the virtues of the parent society” (*ibid.*, p. 226). This is perhaps one reason that few convicts or lawbreakers¹⁰ were allowed to settle in the colony and why so many doctors and priests were sent over.

By the early eighteenth century, the population of New France stood at just over 55,000, while the population of the English [American] colonies along the Atlantic coast had grown to one million (*ibid.*, p.227). The glaring contrast in populations prompted the government of New France to re-evaluate its policy on immigration. Instead it decided to encourage *les habitants* to have more children (*ibid.*) Government policy had four parts. First, young women were imported from France in an attempt to balance the sexes. *Les filles du roi*, as they were called, were specially selected for their good character and their willingness to settle down and have families. Second, the crown offered cash premiums for early marriage. Third, bachelors were fined and denied certain rights to trade and finally, there were liberal

¹⁰ Historians claim there is evidence of only one load of convicts and smugglers sent over, in 1723. The candidates were ‘bons hommes’ selected from royal prisons. See McRae.

pensions awarded to families with ten or more children¹¹ (*ibid.*).

The small population of New France belied the quality of life enjoyed by many in the French colony. Early writers said that it could not be compared to life in the American colonies. In the early eighteenth century, Jesuit historian Father Charlevoix wrote,

“The English colonist amasses means and makes no superfluous expense; the French enjoys what he has and often parades what he has not.” (Eccles 1968: 21)

In New France, because of the long-standing link between the French crown and the Catholic Church, charity hospitals and schools were originally supported by the church. By the end of the seventeenth century, almshouses for the old, the orphaned and infirm had been established by the state via the church (Stewart 1996: 49). By 1736, the crown had agreed to take responsibility for foundlings and adoption (Martin 1985: 58).

Still, the Catholic Church was recognised for its dispensation of care to the needy and sick. One example was the General Hospital in Montréal, founded by the Grey Nuns in 1755. Montrealers were astonished that the nuns wanted to treat the indigent.

“... the townspeople, unable to think why a bunch of women would want to live by themselves and associate with riffraff, assumed that the outfit was established to sell brandy ... to the Indians. They invented the name *Soeurs Grises* as an insult; the nuns later embraced the term

¹¹ To this day, Québec is the only province in which the government gives cash incentives to families when they have a fourth, fifth or sixth child. Despite these awards, present day Québec has the lowest birth rate in Canada. The decline in the province's birth rate has to do with the 'Quiet Revolution' of the 1960s and with many people's disenchantment with the church.

and now wear the colour...” (Stewart 1996: 50)¹²

The church continued to rely on royal grants because the official income of the curé, a tithe set at one-twenty sixth of harvest, was not enough money (Martin 1985: 59). The state worked with the church to provide health care and education. The crown paid a subsidy to support the general hospital in Montréal and in 1722, the king earmarked 3,000 *livres* per year to support eight school teachers, on condition the schools charged no tuition fees (*ibid.*).

II The British Conquest

In 1759, the battle at the Plains of Abraham in Québec City signalled the end of the French empire in North America. Though the British and French generals died at Québec, the French army was not defeated until a year later when the British army surrounded Montréal.

At the time of the Conquest in 1759, the census reveals only three non-French, Protestant families in Montréal (McRae 1964: 223). The Royal Proclamation of 1763 set out a province of Québec, but under British law only Protestants could vote or hold office (Morton 1975: 16). So the governor refused to establish an assembly, which meant no new laws were passed and no taxes levied. This stalemate held for ten years (*ibid.*).

Connections were cut to the French treasury and citizens -- in the British colonial tradition -- had to provide for their own welfare. It seemed the country was flung back in time. After the Conquest, forty years passed until the state once again

¹² Even today there are public hospitals across Canada founded and supported by the Grey Nuns. One of Saskatoon's hospitals, St. Paul's, is an example. Also, this is one of the only references to Indians I came across in this period. The native peoples had virtually no access to medical care and none to education.

assumed limited responsibility for church-administered welfare.

In the wake of the American revolution, United Empire Loyalists from the American colonies flocked to Lower Canada (Québec) and Nova Scotia. Six thousand families, perhaps 15,000 people, the vast majority born in the American colonies, settled in Nova Scotia (McRae 1964: 235-6). This huge migration prompted the establishment of a new neighbouring province, New Brunswick (*ibid.*). Thousands more settled in Upper Canada (Ontario).

Fortified by years of military discipline, by a harsh climate and hard work on the land, the Loyalists were used to helping one another and depending on their neighbours.¹³

“... mutual aid became a form of disaster insurance with the premiums payable in labour rather than cash (Martin 1985: 60)

By the eighteenth century, Britain administered Lower Canada or Canada East (Québec), Upper Canada or Canada West (Ontario), the maritime provinces as well as the northwest (the prairies). Reluctantly, the colonial governments started to subsidise private welfare organisations, on the understanding the public treasury did not want to manage these organisations, or inspect them. In Lower Canada the only grants for charitable work were given to religious organisations conducting philanthropic work, while in Upper Canada some grants were given to public hospitals and ‘houses of industry’ where “the misfits could be tucked away out of sight as punishment for being born into the wrong class.” (Stewart 1996: 51)

¹³ According to Martin (1985) these Loyalists invented what have become traditional community events in rural Canada, house and barn-raising (neighbours went from farm to farm to build houses or barns for one another) and quilting bees (women from neighbouring farms got together to knit blankets, sew curtains and bedding).

Martin notes that in Lower Canada,

“the Catholic church took so much responsibility for humanistic services that the general public had less chance to become involved... Québécois were passively involved, whereas in Upper Canada more people had the opportunity to become actively involved in charitable work.” (1985: 61)

1) *The Maritimes*

The Atlantic colonies were altogether different. A benevolent club, the Halifax Poor Man's Friend Society, collected wood and potatoes to give to the poor. Nova Scotia and New Brunswick had the first municipal assessments for the poor which provided for outdoor relief projects among other kinds of support. A major form of assistance was the Royal Bounty which was offered to the hundreds of British Loyalists who fled the US after the revolution. The bounty consisted of a state-provided food ration: a pound of flour, half a pound of salted meat and a dab of butter per day for each family member. The bounty was never supposed to be given to those who could support themselves, nor to the indolent poor (Stewart 1996: 52). It was cut off promptly when the Loyalist could support himself. Interestingly, the bounty was not available to the thousands of runaway black slaves from the American colonies (Stewart 1996: 52).

Though it seemed that the Atlantic provinces were more progressive in terms of charity for some, Stewart comments on how poor the people were and the daunting task to help immigrant Loyalists. When the provincial government could not look after the poor, local councils passed motions “blaming the newcomers for almost everything” (*ibid.*).

As a consequence of British influence, Nova Scotia and New Brunswick adopted the Elizabethan Poor Law in the late eighteenth century. The public

authority, which was the parish or the township, was required to provide for the old, the sick or 'the impotent' in society. 'Indoor relief' for the impotent poor was provided in 'abiding houses' or almshouses. 'Outdoor relief' -- usually money -- was sometimes given to those who had resources enough to remain in their homes (Guest 1997: 12-13). The parish also provided work for the able-bodied and punished those deemed able but unwilling to work; they were sent to 'houses of industry' or workhouses (*ibid.*). Children of poor parents were placed as apprentices so they would no longer be a drain on the public purse (*ibid.*).

The Elizabethan Poor Law called for differentiation between one category of poor and another: almshouses for the old and sick ; workhouses or trade tools for the able-bodied poor; houses of correction, or even jails, for those who refused to work. But parishes, in order to cut their costs, put all the poor – old, sick, able-bodied or not, mentally well or not, orphans etc. -- in workhouses (*ibid.*). As Guest puts it,

“Thus, one of the most depressing institutions ever devised by humans began to proliferate.” (*ibid.*)

Swamped by Loyalist immigrants, rural parishes in New Brunswick contracted out the building and operation of poorhouses to the lowest bidder. In one county, the parish even auctioned off the care of paupers.

In Upper Canada (Ontario), the Poor Law was never introduced. Guest (1997: 14) advances two reasons for not doing so. First, political leaders at the time knew that rural people who had little cash income would balk at direct taxation. Second, it was feared that forcing local governments to provide for the poor would stir up

‘republican’ – or pro-American – sentiments.¹⁴

According to Guest,

“The relative absence of public services during this period acted as a stimulus for voluntary activity, and as charity organisations established their programs, they found it necessary to seek government grants to assist them in meeting the pressing needs uncovered by their activities.” (1997: 15)

2) *Support for Charity*

By 1840, the landscape looked quite different. First, there was local taxation in most areas of British North America. In 1846, Egerton Ryerson, a Methodist leader and the first superintendent of education in Upper Canada, proposed a School Bill which called for property owners, not only parents to be taxed. This was a first step to the move in 1871 of using property taxes to fund education. Though many schools were private, there were limited public funds set aside for public schools. In 1831, 10,000 people in Upper Canada (Ontario) petitioned the assembly to have the Clergy Reserves used to finance a system of common schools (Martin 1985: 64). The Clergy Reserves were the one-seventh of public land set aside to endow the Church of England. The matter was finally settled by the provincial assembly in 1854 which ruled that the \$1.6 million proceeds from the sale of the land should pay for public education (*ibid.*, p.64).

In Lower Canada (Québec), the School Act of 1846 affirmed the union of religion and education and stated the role of the state was to provide all funds for

¹⁴ With an influx of United Empire Loyalists (from the American colonies) who were escaping the fallout from the Revolution, this was a concern.

Catholic and Protestant schools (Martin 1985: 64, Stewart 1996: 53-54).¹⁵

3) *Hospitals*

In terms of hospitals, in 1830 the first government operating grant was awarded to York Hospital (near Toronto). The government also paid 3 000 pounds to build a hospital in Kingston. At the turn of the nineteenth century, the residents of Montréal asked the government and the governor-general for money for a new hospital. The government denied the request, presuming the church would put up the money (Martin 1985: 62-63). Citizens raised the money themselves by placing poor boxes throughout the city for donations from those who had money. Others gave in-kind donations of clothing and meat (*ibid.*).

This dual system of charity and government assistance for hospitals and education existed quite comfortably side by side. From time to time, the governments of the day had to put something more into the human services sector to quell the anger and sometimes rebelliousness of the colonials. Certainly after the War of 1812, when the US invaded the Niagara region in Upper Canada, citizens felt they were owed something for their resistance and continued loyalty to the British crown.

¹⁵ In Québec, up to five years ago, there were two publicly-funded school systems, the Protestant (basically for all English-speakers) and the Catholic system (which was overwhelmingly attended by French-speakers). Language laws in the last decade (notably Québec's Bill 101) decreed that all children in the province had to be educated in French – unless they moved to the province from another Canadian jurisdiction. Whether or not they were immigrants, refugees or simply spoke English in the home, children had to be educated in French. In practice, this meant they had to attend the Catholic schools. This presented a problem because many 'allophones' (people from immigrant backgrounds whose first language was not French) were not Catholic. Recently, the Québec government has taken religious instruction out of the French (and the English) schools to encourage attendance at the French language schools.

But even at that point, the governor-general¹⁶ often turned down requests. One interesting situation happened in the wake of the War of 1812. Citizens in Toronto (or York as it was then called) needed a hospital. Because the government had taken nearly eighteen years to part with any funds at all, one charity, the Loyal and Patriotic Society of Upper Canada, decided to do what they could to raise the money (Martin 1985: 62). The government had given gold medals to the community to be awarded to citizens who had displayed courage during the war. When no one could decide who ought to receive them, it was agreed that the Loyal and Patriotic Society would melt the medals and sell the gold. The proceeds were donated to the hospital fund (*ibid.*).

Even by the time of Confederation (1867), the government continued to be modest in its subsidy of human services. This was due to the widespread view that people's needs were deemed essentially private concerns and were not "considered elements of making or breaking governments." (Martin 1985: 65)

To that end, unlike in Britain at the time, there was no move to endow or subsidise any cultural outlets. Because culture was left entirely to citizens; museums, gardens, zoos and public buildings were not built -- unlike in Britain. There did not seem to be the idea that capitalists and the wealthy owed much to Canadian society. This is part of the colonial heritage of Canada. The country was used by the colonial powers -- first by France, then by Britain -- for furs and fish. By the turn of the twentieth century the country was exploited for minerals, wheat and lumber -- so there was a tradition of extracting the raw materials and processing them abroad. There

¹⁶ The King's (or Queen's) representative in Canada.

was hardly any tradition of the wealthy either making their homes in Canada or owing much to the country itself-- least of all giving substantially to charity. As Goldwin Smith, a retired Oxford professor,¹⁷ wrote:

“(Unlike) the wealth[y] of the United States ... the colonist who is making money looks, perhaps unconsciously, for social recognition and gratitude, not so much to the colony in which his money is made as to the Imperial Country in which he may end his days, possibly with a title.”¹⁸(Martin 1985: 68)

Indeed the *Toronto Globe* (the forerunner of today’s national newspaper, *The Globe and Mail*) which represented (as it does today) the interests of the wealthy, strongly promoted the idea that neither government nor charities should be forced to support the poor. In an editorial the *Globe* announced

“Promiscuous alms-giving is fatal.... A poor-law is a legislative machine for the manufacture of pauperism. It is true mercy ... that a few individuals should die of starvation than that a pauper class should be raised up ... devoted to crime and the victims of misery.” (*ibid.*, p.67)

Many people paid little attention; they knew that the chief cause of poverty was lack of income, caused by injury, sickness, or premature death of the breadwinner. For the destitute, there were ‘houses of industry’ (workhouses) or ‘refuges’ managed by religious or private charities, with some funds granted by provincial or municipal

¹⁷ Smith, a man-about-town and a political wag was known as the “Sage of the Grange”. Toronto’s Grange was a large private residence and gardens owned by a leading member of the Family Compact, and an arch-conservative, John Beverly Robinson. The Family Compact was the ‘de facto’ government of Ontario (Upper Canada) during the first half of the nineteenth century.

¹⁸ Not so far-fetched: in the early part of the twentieth century, Roy Thomson, the son of a Toronto barber, became a wealthy newspaper magnate, with holdings in Canada, the US, Britain and the Commonwealth. In his retirement he lived in the UK, and in 1963 was created a life peer -- Baron Thomson of Fleet.

governments¹⁹ and private donations. There were also hundreds of benevolent institutions for the sick, the poor, for homeless children and neglected animals (*ibid.*, p.67-71).

4) *Immigration and Charity*

There was a contributing factor to the growth of charitable organisations in Canada which did not exist in the UK: immigration. From 1815 to 1850, almost one million immigrants left the British Isles to come to Canada (McRae 1964). At the turn of the nineteenth century the British colonies' population was 460,000; by 1851, it was more than 2.4 million (one-third of whom were of French origin) (*ibid.*). By the turn of the twentieth century, though more than 85 per cent of immigrants were of British or French background, over twelve per cent were Russians, Poles, Jews, and Dukhobours (Armitage 1996). By 1931, nearly seventeen per cent of immigrants were neither British nor French (*ibid.*). This was due mainly to the opening of the west, and the availability of cheap or free (Crown) land on the prairies. While some immigrants tried to farm, large numbers settled in cities like Montréal, Toronto and Winnipeg. Immigrants to cities started benevolent societies to help resettle fellow countrymen and find them jobs. There were scores of benevolent societies and to this day, for example, in every western Canadian city there is still a vestige of the Chinese Benevolent Association.²⁰

¹⁹ This was after Confederation of 1867 when 4 provinces including New Brunswick, Nova Scotia, Canada East (Quebec), Canada West (Ontario) agreed to unite to form Canada. This was the beginning of the three tiers of government in Canada: the federal (meaning national), the provincial and the municipal levels.

²⁰ The Chinese were always treated in a highly discriminatory fashion. By 1907, one in four men in British Columbia was of Asiatic origin (according to McRae 1964). This prompted riots by white workers, sometimes provoked by trade unions, and very

The flood of ethnic charities added to the mainstream Christian and other voluntary organisations. The problem in the charitable sector was not just a duplication of efforts by the main ethnic groups, but also the inrush of organisations in competition with one another for donations and for government funds. While some historians claim that there was co-operation because of ethnic divisions, others insist the competition made donations and steady funding harder to obtain.

5) *The Moral Reform Movement*

Most of the immigrants who came to Canada were treated no worse (and certainly no better) than those who had been in the country for generations. Conditions were harsh, work was very scarce in winter and the cost of living was high. The public relief that existed was meagre and it was doled out in a humiliating way (Guest 1997). Groups of citizens, whether in rural areas or in the cities, tried to help one another to avoid the stigma of being a pauper. Guest believes this binding together of community “impeded a more comprehensive and nonpartisan approach and concealed many problems.” (*ibid.*, p.16) One serious problem was the cutting of wages by one-quarter to one-half that occurred in winter months when work was in short supply (Guest *ibid.*, p. 17). Another problem was that charity was hit-or-miss and the poor (like in Britain) were often urged to save ‘for a rainy day’, to be thrifty and to work harder. Bible tracts were handed out to the poor, and drink was blamed for half the crime and two-thirds of the insanity among paupers (*ibid.*) . The idea that the poor and indolent had to be rescued was portrayed in a cartoon in the Salvation Army’s magazine, *War Cry*, of November 1895. It

restrictive laws enacted against the Chinese.

“... featured a group of nattily dressed men and women chatting or flirting on the edge of Niagara Falls. The powerful river and the falls, however are teaming with a vast crowd of people plunging down into the abyss. The title (in lurid, horror-story capitals) is ‘The Mighty Niagara of Souls.’ ” (Valverde 1991: 36-37)

There was a rapid industrialisation of Canada’s cities, encouraged by a vigorous push by the government to settle people in western Canada.²¹ In 1887 the federal government convened the Royal Commission on Relations of Labour and Capital to investigate reports of child exploitation in factories and dangerous working conditions for all workers. The Labour Commission (as it was called) travelled mainly through eastern Canada and heard from over 1,800 witnesses (Guest 1997: 21). Findings revealed abject exploitation of men, women and children, near-starvation wages, typical 60 hour work weeks, and dangerous working conditions (*ibid.*).

It was clear that there was also a total lack of social security protection for the vast majority of workers in the country. Some skilled workers had a measure of income protection from their unions or fraternal societies, but most working people did not. An important recommendation was that the federal government provide an annuity system for old age. Sir John A Macdonald, Canada’s first prime minister, was opposed to implementing any of the report’s recommendations because he did not want to infringe on the rights of the provinces²² (Guest 1997: 26).

Still, there was a serious push by many for ‘social minima’. Outbreaks of

²¹ Due to completion of a railway which spanned Canada from east to west in the late 1880s, many more Canadians went west. The government gave new immigrants inducements of free land to go west.

²² This is a regular source of tension in Canada. Provinces do not want to cede authority to the federal government. At times the federal government wants to devolve some powers to the provinces, while keeping other powers reined in centrally.

cholera, smallpox and typhoid, prompted some provinces to initiate very limited public health programmes, “over the opposition of tax conscious citizens who believed that death rates were fixed by God” (Guest 1997: 27). Free public education was believed to be conducive to “productive labour, Christian religion and political order” and an antidote to delinquency, so virtually all parts of the country implemented it by the 1870s (Curtis 1987: 54).

6) *Urban Reform Movement*

The late 1890s saw a movement for urban reform in Canada, much like the one spurred on by the Fabians and others in Britain. In Canada, urban reform meant a desire for public ownership of utilities and transportation, improvements in health and morality of people living in cities, promotion of social justice and calls for a ‘purity in government’ (Guest 1997: 32). Making the cities more liveable, discouraging delinquency in children and youth and stopping cruelty to animals were some of the subjects written about by Toronto journalist John Joseph Kelso.²³

Kelso founded the Toronto Humane Society to prevent cruelty to animals and children. In 1888, he spearheaded a political move to help neglected children and open more children’s homes which resulted in the Children’s Protection Act. The act required municipalities to pay \$2 a week for each child in care of the voluntary society until the child was eighteen years old (Jones and Rutman 1981: 29). A short summary of the history of this society is in order because the successor to the Humane Society, the Children’s Aid Society, which Kelso subsequently founded, is one of the voluntary organisations which this research looks at in more depth later on.

²³ The following section on JJ Kelso was gleaned from Jones and Rutman (1981), Rutman (1987), and Valverde (1991).

In 1891, he founded the Children's Aid Society which worked with the police to press for tougher laws against parental negligence and for crime prevention. Shortly afterward, Kelso became the superintendent of Children's Aid with the mandate of setting up Children's Aid Societies right across Ontario. Between 1904 and 1910, the number of Children's Aid Societies increased from thirty six to seventy-five (Jones and Rutman 1981: 140). The Children's Aid Society is still very much alive today. In Ontario²⁴ (and in no other province, incidentally) all child welfare is administered through this voluntary organisations and its branches throughout the province. A split in the organisation just prior to World War I led to the formation of the Catholic Children's Aid Society (also with branches across the province) which has the same authority as the original one. Both Children's Aid Societies continue to be fully-funded by the province of Ontario.

Kelso, as a person, combined three rather odd characteristics. First, his fascination with police reporting from the time he was a journalist caused him to support a law and order agenda and police action in child welfare cases.²⁵ He believed in prosecuting neglectful parents and sending wayward children to training schools to

²⁴ Children's Aid Societies exist only in Ontario. In other provinces, most social services pertaining to children and youth are delivered through provincial departments of social services. This may be for two reasons: first, Kelso and his successors built a very large social service agency which was considered superior to anything the government could provide (Rutman 1987: 76; Jones and Rutman 1981: 75; 177). Second, Ontario is the most populous province: other provinces had to rely on the government to provide services because there was not the will by a single voluntary organisation to supply them. In Quebec, for example, there was always the division between English and French, Protestant and Catholic which was an impediment to founding a single, viable social agency for children.

²⁵ A rather startling report of police action in a child apprehension case is told in Jones and Rutman (1981), p. 43-44.

get them off the streets. Just as in England, the middle class in Canada showed a considerable amount of interest in knowing the habits of the poor and seeing the conditions in which they lived.²⁶ Kelso believed that shedding light on the terrible situations of the poor and of their children would make “urban vices scatter like bugs under an overturned rock” (Valverde 1991: 134) and make the job of social control simpler.

Second, his interest in children and family responsibility did not translate to his personal life; he never married, nor did he have children. Thirdly, Kelso had a profound belief in voluntary services as opposed to state-provided ones. As he wrote,

“...benevolent societies have a tremendous advantage for good since they can draw largely upon the zeal, cooperation, and liberality of Christian people while, in a direct state work, all these powerful agencies are completely alienated.” (Jones and Rutman 1981: 76)

This opinion was shared by other voluntary service providers including the Salvation Army. The Salvation Army is also one of the organisations selected for this dissertation. The Salvation Army came to Canada from Britain in 1882. In 1890, its British founder General William Booth published his manifesto, *In Darkest England and The Way Out*, which set the stage for the Salvationists’ commitment to social work. Formerly the organisation was mainly a ‘soup and salvation’ fellowship (Moyles 1977: 5). In Booth’s book he uses the metaphor of the decay of the Congo jungle to talk about the appalling conditions in city slums.

“Darkest England, like Darkest Africa, reeks with malaria. The foul and fetid breath of our slums is almost as poisonous as that of the African swamp.” (Booth 1942: 20-21).

²⁶ See Valverde (1991). For the British slant, see Reeves (1980).

Salvationists, with knowledge of the slums and the people who lived there, worked with people in three areas: “the honest poor, the vicious and fallen and the criminal” (Valverde 1991: 151). The Salvationists developed social work programmes specifically for the two latter groups: the ‘vicious and fallen,’ divided by gender and vice, were served by rescue homes for women and overnight shelters for men. The ‘criminal’ were served by volunteer parole and probation officers who attended the courts and went to jails. Some prisoners preferred to go to the Army’s Prison Gate Homes. The Army “...with typical flair and an eye for publicity” sent horse-drawn Red Maria’s around to the prisons to collect prisoners for the Army homes (Moyles 1977: 66).

By the turn of the twentieth century, the Salvationists were able to rely on receiving government grants for their probation work. According to Valverde, in terms of punishment, there is a ‘complex relationship between philanthropy and the state.’ Garland (1985: 46) sees the moral reform aspect as the preserve of voluntary agencies, and the duty and responsibility for dealing with prisoners was the state’s. Valverde sees the situation more symbiotically. She says that the Salvation Army despite getting funding from the state, and possibly acting as an arm of the state, saw itself as more benevolent than the state. The issue of trustworthiness and dependability also comes into this because the idea that people in service to a cause can do a better job than mere bureaucrats is a concept that runs through many social welfare services in Canada.

But there is no doubt about one thing, though voluntary organisations claimed to be on a higher moral plane and privately funded, the truth was that these organisations received much of their funding from the state, whether the province or

the municipality, and carried out many of their duties. As Valverde explains,

“Private philanthropies continued to exist outside of the state, even through the halcyon days of the welfare state, because there were good reasons on both sides to maintain the fences even while moving them back and forth.” (1991: 164-5)

III Philanthropy Spurs Government Action

As well as an urban reform movement, the 1890s saw the rise of the Canadian social gospel movement. Many mainstream churches joined in this movement which supported some of the aims of the ‘purity’ movement, including the reduction of prostitution and gambling. In addition the social gospel movement wanted to infuse the economic and social problems of the day with the teachings of Christ (Guest 1997: 33). In 1907 representatives from several church denominations as well as the Trades and Labour Congress (TLC) formed the Moral and Social Reform Council of Canada. It took credit for the enactment of the Lord’s Day Act which forbid stores opening and certain types of employment on Sundays. The main advantage of the act was that by cutting Sunday work, it automatically cut most workers’ hours to a more manageable level (Guest 1997: 34). In 1913, in a move reminiscent of the Charity Organisation Society in England, the Council changed its name to the Social Service Council of Canada.

Only two other laws were passed in the years leading up to the first World War. In 1908, the Government Annuities Act required the federal government to set up a minimal annuity plan, based on strictly voluntary contributions from workers. Because of the public worry over the mounting death and disability figures at work, the Québec government in 1909, then the Ontario government in 1914, passed their own Workmen’s Compensation Act. For the first time, employers rather than workers had

to pay for an insurance plan; the employer also had to bear the burden of guilt, in case of an accident or death (Guest 1997: 35-48).

1) Beyond World War I

As in Britain, World War I altered many things in Canada. First, the government imposed a federal income tax for the first time – mainly because the government had to be able to sustain a war effort and support disabled soldiers, their families and the widows and orphans left behind. A serious downturn in the economy leading up to the war made people wary of the two ‘old guard’ parties, the Conservatives and Liberals. After the war, they were joined by 65 Progressive and the first two Labour members of parliament. The United Farmers’ Party won provincial elections in Ontario, Manitoba, and Alberta²⁷ (Guest 1997: 49).

But social legislation was still very slow in coming. Though some recognised a need, others felt that the charities and voluntary organisations were sufficient. Perhaps the most important piece of social security legislation was the 1920 Mother’s Allowance Act in Ontario.²⁸ Though several provinces (and 30 states in the US) had schemes for dependent widows and their children, the idea of a mother’s allowance generated a lot of controversy in Ontario. A voluntary agency, the Canadian Patriotic Fund, provided allowances for women whose husbands were overseas or casualties in the war. But the idea of a universal mother’s allowance for all single mothers with dependent children flew in the face of charity. As historian James Struthers notes,

²⁷ Alberta and Saskatchewan joined Canada as provinces as late as 1905. Only Newfoundland joined later – in 1949.

²⁸ Much of the research on Mother’s Allowance is based on Struthers (1994) and Guest (1997).

“... in a complete reversal of the assumption of organised charity, [mothers’ allowance] linked the provision of regular and certain state relief to the building of character and independence in its clients.... In this new framework, private charity, not the state, was the agency of demoralization.” (1994: 37)

In fact the charity-based Patriotic Fund gave mothers more money than the state-run mothers’ allowance scheme, perhaps to show that these mother-led families were more virtuous than the average. No matter, for the first time, recipients looked at the mothers’ allowance as a wage for the public service of raising children and making a home, rather than as dole money. In the end the money was rather piddling;²⁹ it was means-tested and exposed mothers to official investigation, and school or public health officials’ scrutiny.

One question did remain which had an impact on future government provision and charitable provision. Struthers asks,

“Were mothers’ allowances truly a payment to women in reward for service to the state, or were they instead a sum entrusted to mothers for the care of their children?” (1994: 49)

Social activists believed that mothers’ allowance was a recognition of the value of families, an entitlement. People involved in charitable organisations saw the allowance as intended strictly for the children; the mothers were only stewards. The government flitted between these points of view – as demonstrated by their putting conditions on the allowance such as means-testing and home supervision.

The matter was resolved, ultimately, in favour of charity. When her children reached the age of sixteen, a mother was no longer eligible for the allowance. At the

²⁹ Mothers’ allowance was about \$35 (£19) per month. In addition to it being means-tested, 90 per cent allowances went to Canadian-born, or British and Irish-born women, despite the fact that between 1920-30, fifteen per cent of Ontario’s population was of non-English and non-French ancestry. See Struthers (1994), p. 46.

same time, given her likely age, she had little hope of getting a job outside the home. Her only option was to fall back on charity.

Women were not the only ones who needed to rely on charity. During the 1920s, the state did very little for citizens. The Old Age Pension Act was finally made law in 1927, after years of wrangling in Parliament. Like mothers' allowances (implemented in all provinces by this time), it was a means-tested benefit of \$20 (£11) per month; the cost was shared by the federal and provincial governments. A bill for family allowances was scuttled primarily by trade unionists who believed it was an impediment to higher wages. Social workers, notably Robert E Mills, the director of Toronto's Children's Aid Society, also opposed it on the basis it would deprive people of their freedom and initiative (Guest 1980: 80).

The debate between state and charity provision was not entirely settled until the Great Depression (Martin 1985, Guest 1997). It was at the time that some municipalities, struggling to pay the cost of relief, went bankrupt and had to turn to the provincial or federal government for help. Different provinces had different ideas. For example Alberta, under "Bible Bill" Aberhart and his right wing Social Credit government, insisted that families should look after their own and offered little assistance. In Saskatchewan, the height of the depression in 1935 saw the founding of the Cooperative Commonwealth Federation (CCF) which entered the federal arena as a socialist political party.³⁰ In 1936 Québec, the Union Nationale's Maurice Duplessis, won his first of many terms urging families to care for each other and rely on the Catholic church -- not the government -- for help.

³⁰ The CCF did not win the provincial election in Saskatchewan until 1944, but has remained in power provincially for all but 15 of the last 56 years.

During the Depression years, even Canada's prime minister RB Bennett, himself the scion of a wealthy family, was ambivalent about the role of charity and the role of government. As a Conservative, he believed that individuals ought to do charitable acts and keep state involvement to a minimum. Canadians, especially on the prairies, were so desperate they wrote heart-rending letters to Bennett begging for his personal charity.³¹ He used to accede to small requests, like money for a winter coat for a young mother, or \$10 (£5.40) to send a child to a doctor, but Bennett admitted this to no one "save those who have to know" (Martin 1985: 74). Despite his Conservative beliefs, Bennett introduced the first unemployment insurance act, which set off a huge constitutional fight³² in Canada and lost him the 1935 election (Guest 1997: 88-90).

In the wake of World War II, to a degree the Canadian government's welfare provisions were modeled on the British welfare state. It was perhaps one of the last times Canada looked for mentorship to Britain, rather than south to the United States. In fact at least two leading British social reformers -- Leonard Marsh, a university researcher and George Cadbury, an economist -- were recruited by Canadian governments to help build the post-war social system. Marsh was invited to Canada by

³¹ Interesting point: it was, and still is, free to send a letter to the Prime Minister, or any MP, at any time. Prime Minister Bennett received hundreds thousands of letters from desperate people begging for assistance during the "Dirty Thirties." In a novel twist, during Brian Mulroney's tenure as prime minister amidst the recession and high unemployment of the late 1980s and early '90s, the labour organisations across Canada urged supporters to mail Mulroney "the shirt off your back because he's taken everything else." The PM's office was deluged with old shirts, ripped jeans and tattered shoes, all sent free through Canada Post.

³² This fight was about whether or not the federal government could pass this law while the British North America Act was in force. The BNA Act set out which welfare and relief measures were federal or provincial and ultimately municipal responsibilities.

the Mackenzie-King federal government, which was worried by the popularity of the CCF and the prospect of it becoming the official opposition in Ontario. In 1943 Marsh released the federal *Report on Social Security in Canada*, the first anti-poverty program which called for a national employment program, an occupational and training scheme, social insurance protection, medical benefits, children's allowances and public assistance (Guest 1987: 212-213).

The Marsh report followed quickly on the heels of Britain's highly praised Beveridge report, which sent shock waves throughout the industrialised world. Beveridge's *The Pillars of Security* (1942) included complete programs for social insurance, comprehensive health care and children's allowances. Beveridge's report prompted US President FD Roosevelt to tell Canadian Prime Minister Mackenzie King,

"The thought of insurance from the cradle to the grave. That seems to be a line that will appeal. You and I should take that up strongly. It will help each of us politically as well as being on the right lines in the way of reform." (Guest 1987: 208)

However, the influence of the Beveridge Report and the Marsh Report yielded few social reforms in Canada; as Guest notes, "the social security landscape in Canada was relatively moon-like in its lack of prominent features" (*ibid.*).

Indeed though the welfare state, or limited welfare state in Canada, was announced in the 1940s, it did not fully evolve until 1968 – with the implementation of the national programme of Medicare or free hospital and medical care for every Canadian resident. The 1950s and 1960s saw the initiation of several new plans or tinkering with old ones, including old age and supplementary pensions, child benefit (also called 'baby bonus'), social assistance and unemployment insurance. Drache and

Glasbeek say that the Canadian welfare state is at the “minimalist end” of welfare states compared with those in southern and central Europe (Drache and Glasbeek 1992: 151).

Walter Stewart comments that after the ‘completion’ of Canada’s welfare state, Canadians convinced themselves that they

“had always been a kinder, gentler people ... and forgot almost entirely the centuries-long struggle that brought us to this point.” (1996: 65)

The next twenty years saw many changes in the way social welfare was provided in Canada. There was almost continuous jurisdictional wrangling between the federal and the provincial governments. There were tremendous social and economic disparities in the regions of the country; Canada was becoming more diverse in terms of language and culture and bilingualism and issues involving Quebec were far from resolved. Internationally, there was a push from the federal governments of the last two decades to ratchet down Canadian social services provisions in an effort to “level the playing field” to become more ‘competitive’ with the Americans. Canadian social policy in the last twenty years has changed, as it has in Britain. Governments’ overall agenda seems to be

“... to ‘shrink’ the state by reducing state responsibilities and employees; to ‘open up’ state sectors to private accumulation; to divert to the private sector the revenues spent on health, education, and welfare, which represent a large percentage of national budgets...” (Teeple 1995: 106)

The voluntary provision in Canada has not been as developed or as vocal as its British counterpart. Unlike in Britain, there have been surprisingly few tensions between voluntary organisations and the state. There are three possible reasons for this.

First, the strong French influence in Canada and the influence of the Catholic

church brought a different cultural tradition to the one the British imposed. For the first hundred and fifty years after European settlement, the Catholic church was a partner in the care and control of the citizens of New France. The French crown was willing to give money to the church, and in return the church was expected to spend it on the poor. After the Conquest, the Catholic church continued to provide services, albeit in reduced circumstances, to people in Lower Canada (Québec). Upper Canada (Ontario), Canada West and the Maritime provinces were mainly left to their own devices to take care of their own needy. Eventually, after Confederation when provinces as legal entities had responsibilities, provincial governments or municipalities supplied some social welfare or relief. The Catholic church was not supreme in English-speaking Canada; it was one of many denominations which never coalesced to provide a bulwark of charity or services. The churches were never the mainstay of social welfare that they were in Québec.

A second but related reason for the lack of development and voice of Canadian voluntary organisations hinges on a more contemporary theme. Canadian voluntary organisations operate at three levels, mirroring the three levels of government in Canada. Often organisations have national headquarters in Ottawa or Toronto, and then regional offices in almost every province. Within a province there are usually several local groups of volunteers or even staff based in several cities or towns. What is most confusing is that in some organisations – like the Salvation Army for example – different chapters are independent in what they do and how they raise money. In other organisations, like OXFAM, programmes and fundraising are highly centralised in Ottawa where the national office is. Because of the regional aspect of voluntary organisations, and the distances from their headquarters, they tend to be fragmented.

smaller and not as cohesive as they are in Britain.

Thirdly, the lack of development and the lack of voice for Canadian voluntary organisations may also be attributable to the strong role that government played in the 1960s and 1970s. At that time, the federal government poured money into various community and social development agencies which undertook grassroots organising.³³ These organisations, like the National Action Committee on the Status of Women (NAC), Development Education Centres (DEC), the Company of Young Canadians and Katimavik,³⁴ were in fact arm's length government programmes; they appealed because they operated along the lines of voluntary organisations. Critics called this situation co-option and claimed it interfered with the organisations' effectiveness. Another criticism was that the left-wing forces were in charge of these government-sponsored groups, and when they threatened to become too militant, government responded by closing them down (Armitage 1996: 100-101).

Other organisations, like Social Planning Councils, which started out as voluntary agencies in the major cities, were subsumed by municipal governments.³⁵ Because of steady government funding, these organisations were able to survive and thrive, while many voluntary organisations foundered. At the same time, various levels

³³ Some would say the government did this to undermine Québec separatism by enjoining youth from coast to coast in good works.

³⁴ NAC used to be full-funded by the government; its funding now hangs by a thread. DEC used to run 'Learners Centres' in every major city in the country; their government funding is now all but evaporated. The Company of Young Canadians attracted young people interested in going out to the country's hinterland to help build communities. Katimavik is its successor.

³⁵ Vancouver and Halifax are examples of Social Planning Councils which are part of city government, while Edmonton's and Toronto's Social Planning Councils are independent. See Armitage (1996).

of government did give operating and job creation grants to many voluntary organisations, and when the money dried up (as it did in the 1980s), these organisations fell apart. It may be that reliance on government grants and organisational help has made voluntary organisations on the whole weaker and less inclined to speak out than their counterparts in Britain.

II Analysis

Four hundred years of history of the charitable sector in Canada is best analysed thematically. There are two models, the evolutionary and the linear models, utilised in the preceding chapter which are useful here. There is also a third model, the Cultural View, which is uniquely suited to Canada's history.

1) *The Evolutionary View*

Martin (1985) writes extensively about the history of the voluntary sector in the context of Canada's history over a period of nearly 400 years.³⁶ He compresses the history into four stages, or themes, which organise the myriad of details, dates and events. In his four stages he is also able to link the French and English history. A strictly chronological look at Canada's charitable history tends to divide along the national and linguistic lines.

Stage I, the person-to-person stage of giving, like almsgiving, was mainly seen in the early days of New France and the early days of British colonisation. The stage was short-lived in New France because the French crown was willing to fund schools and hospitals through their 'partner' the Catholic Church. After the Conquest, the British crown provided very little help to the colony for the next fifty years, it was up

³⁶ Martin's theory about stages in the evolution of social welfare can be found in *An Essential Grace* (1985) p. 21-27.

to the citizens to help one another either as neighbours or through voluntary organisations.

Stage II, Martin says, “evolved out of necessity” (1985: 26). Because of large numbers of people migrating to cities and towns, there was pressure, especially in English Canada, to institutionalise services like hospitals, and schools. However individuals or social groups remained responsible for funding services which meant people shared “a common bond” (*ibid.*). Stage II began in the last decades of the eighteenth century in the maritimes and Ontario mainly, prompted in part by the influx of the United Empire Loyalists from the American colonies.

Stage III ushered in the concept of public financial support of hospitals, schools and other social institutions. Though voluntary assistance was appreciated, the bulk of financial assistance came from the public sector. This was possible after 1840, when local taxes were collected in most parts of British North America. There were publicly funded hospitals and schools in many areas.

Stage IV “is the logical, inevitable, and ultimate humanistic delivery system” (Martin 1985: 27). In this stage, Martin foresees the only obligation of citizens would be to pay their fair share of taxes. In return they would have the right to receive a high level of social well-being courtesy of an equitable tax system (*ibid.*). He explains that in Stage IV, services would be delivered by professional and trained staff. Stage IV peaks in a welfare state to care for everyone according to need; Martin predicts “... charity – a word with demeaning connotations – [will] cease to exist.” (*ibid.*) As noted earlier, though Canada did make some progress toward a welfare state after World War II, the welfare state stopped well short of Britain’s. One reason may very well be Canada’s relationship with the United States, rather than Britain, became a

dominant force in the country at that time. Drache and Glasbeek claim that “...Canadians tend to compare themselves to their American counterparts.” (1992: 151)

Canadians feel that they have a kinder, gentler country than do the Americans. But, given that the American welfare state is *worse*³⁷ than Canada’s, Canadians take some comfort in the rather truncated welfare state that they do have (*ibid.*).

The clock seems to be turning backward not forward. Governments in Canada are less inclined to pay for humanistic services which they used to pay for. In Canada, there has been a roll-back of federal cost-sharing agreements with the provinces over the last decade. For example, in 1996, the federal government phased out the Canada Assistance Plan (CAP) which was a cost-sharing agreement with the provinces. The CAP allowed the government to reimburse provincial governments for 50 per cent of their spending on social assistance (Armitage 1996: 81-82). Without these federal-provincial cost-shared agreements, provinces are left on their own to pay the benefits for the most disadvantaged. This has mean a net loss of benefits and a startling increase in the poverty rates (Guest 1997: 233-234).

A by-product of Stage IV, which Martin did not envisage, was the governments’ attachment to the idea of for-profit or not-for-profit “partnership” with the state-run institutions, or the contracting out of various social services to voluntary agencies. Certainly Martin did not envision this roll-back of Stage IV to Stage III.

2) *The Linear Model*

If Martin’s evolution of the sector is like a weather map, with currents, wind

³⁷ See M Katz (1986) *In the Shadow of the Poorhouse*, and L Salamon (1995) *Partners in Public Service*.

chills and climatic patterns, then Scott's Linear View is like a political map. Jacquelyn Thayer Scott's 1992 doctoral dissertation, "Voluntary Sector in Crisis: Canada's Changing Public Philosophy of the State and its Impact on Voluntary Charitable Organizations," looks at the history of philanthropy in Canada in terms of events and dates. She agrees with Morton (1975) who says that it is not the environment, the pioneer and settler spirit or the Catholic or Protestant churches, but the monarchical constitution of the country which creates the basis for a national political society.³⁸

Scott argues that there are four stages in the development of the humanistic services and charitable sector which are delineated by political events (Scott 1992). The first stage is the pre-confederation years to the end of World War I – about 1750 to 1920.³⁹ She contends that during this time the country moved from being an absolute colony, first of the French then of the British, to a political attempt to bridge the divide between the English and French 'facts'. It was also during this time that the differences between Canada and the United States were most apparent because in Canada there was a need for large scale economic growth. (Scott 1992: 118).

Her second stage, between the wars, from 1920 to 1940, is also dominated by constitutional questions. The building, and expansion craze of the first decade gave way to the country's worst economic depression of the second decade. One-third of Canadian manufacturing jobs disappeared; net farm income plummeted from \$417 million (£225 million) in 1929 to \$109 million (£59 million) in 1933 (Morton 1983:

³⁸ See Morton 1975: 97-107.

³⁹ Though 1920 was more than 50 years since Confederation was declared, it was the start of the first major state-mandated benefit, the Mothers' Allowance, as discussed above.

198).

Scott writes that 1940 to 1975, is the time of the building of the welfare state, the third stage. She claims that a basic agreement on social policy during this time brought the provinces together. Another ingredient was the shift of the population from the countryside to the cities which created a stronger impetus for social programmes.

Scott's fourth stage is the 'era of uncertainty', 1975 to the present. The era of federal/provincial accords on social policy ended and governments became interested in global competitiveness (Scott 1992: 118). This fragmentation of the 'national' character of the country (English and French) was further intensified by the arrival of hundreds of thousands of non-European immigrants during this time. Added to this was the enactment of various bills, culminating in the Canada-US Free Trade Agreement (1989) which accounted for tens of thousands of job losses in Canada's manufacturing sector⁴⁰ from 1989 to 1995 (Teeple 1995: 138-139, 147; Guest 1997: 219-220).

The national political society, defined by the two 'founding' nations, which Morton among others argue existed from the British conquest, hardly exists two hundred and fifty years later. But the disintegration of Canada's national political society, as recognized in Scott's definition of the four periods, also resonates in the voluntary sector. When Martin (1985) marches through his four evolutionary stages, he is trying to demonstrate that the country has been brought to the brink of Stage IV.

⁴⁰ Conservative estimates are that more than 500 000 jobs were eliminated across Canada because US manufacturers were closing their Canadian subsidiaries and re-locating plants to the US. Hardest hit were Toronto and Montréal.

He predicts that tax revenues will be spent to support a very high social and public services.

This has not happened. In fact a neo-conservative dismantlement of social services in the “Farewell State”⁴¹ started as early as the late 1970s. This was an opportune time for the voluntary sector to emerge and exert a unifying influence away from the political parties and the religious forces (Prang 1986: 48-9). Until 1980, many charities received funding from the public purse, but after that the charities were forced to rely on their own sources of income, usually based on charging fees for services and bigger donations. For many charities and social service organisations, having to rely on fee for services catapulted them back to Martin’s Stage I-- or the personal covenant between the helping organisation and the recipient of the aid.

From 1980 on, the political landscape in Canada changed quite dramatically. The government devolved more and more of its work to voluntary organisations-- yet overall only 56 per cent of their funding came from government sources (Sharpe 1994: 20-21). And the funding was by no means guaranteed.

3) *A Third Way – The Cultural Model*

Martin’s evolutionary model and Scott’s linear model end up in very different places at their respective stage fours. Though they both agree that from the 1920s on Canada was developing a welfare state, Martin believes that the natural progression calls for citizens’ taxes to underwrite essential humanistic services. Scott thinks that political concerns about the direction of Canada override and even diminish concerns

⁴¹ Quoted in Scott 1992, p.187. Attributed to Anthony Tobin in an unpublished paper “The Farewell State” presented at a conference on privatisation and the public trust, sponsored by the Social Planning and Research Council of British Columbia, May 1984.

about delivery of social welfare and education. While Martin calls for the withering away of charity because it is demeaning and unfair, Scott feels it is the only way to ensure a basic level of services in a disparate Canadian society.

Now we turn to the third way of analysing the history of the Canadian charitable sector – what I call the Cultural View. Canada's charitable history can be divided, almost culturally, along the lines of private versus public enterprise (Hardin 1974). He argues that Canada is the product of nationalism, not its producer. In his view this has been confused because of Canada's colonial past. Currently, he says, the US is the world's major producer of nationalism, and Canada does not wholly distinguish itself from the American reality. Though the Canadian government created the capital for canals, which provided major shipping routes and for the nation-building railways across the country, the government is now dismantling national institutions. Canada's dismantlement has pushed the country to see itself in the American context.

In Hardin's view, because of Canada's historical reliance on things foreign (British then American), Canadians view public enterprise as secondary to private enterprise.⁴² But, in fact, it is the other way round entirely; what built Canada was public enterprise.

Hardin says Canadians do not look at themselves the way they are. They think they represent egalitarianism and free enterprise,

“But to expect that on this side of the border, out of a French Canada tied to its clerical, feudal past, and out of an English-speaking Canada which, although it inherited much of the spirit of liberal capitalism, was nevertheless an elite, conservative, defensive colony -- to expect it without an intense ideological revolution -- was to dream a derivative impossibility. That is still the great Canadian illusion...” (Hardin 1974:

⁴² As it is in the United States

62)

Perhaps that is why Canadians were slow to evolve from individual almsgiving to organised or ‘scientific charity’.⁴³ The ‘social purity movement’ was an assortment of church people, teachers, physicians and home visitors or early social workers who wanted to “raise the moral tone” of Canadian society (*ibid.*).

The first collective solutions to the problem of the poor came from this purity movement. According to Valverde, it was not about social control and not about equality or eliminating the class features of Canadian society. The purity movement and its successors were about creating a vision or a common theme for the Canada of the future.

From those solutions put forward by individuals and organisations mired in colonial ideology, and modelled on organisations like the British-based Salvation Army, the charitable sector limped along delivering some assistance. But because of immigration, first by the Chinese who came in 1870s to help build the national railroad, and then by others, the very idea of social purity was challenged. The idea of a white, clean, open and northern country started to unravel. By the time the immigrants set up their own societies and benevolent organisations the government was beginning to take some interest in serving the needs of all citizens.⁴⁴

I would argue this was as much cultural as economic. In the Canadian context, it was seen as a kind of collectivism which would pave the way for a very modified kind of welfare state. Unlike in the US where the idea of a welfare state was

⁴³ Scientific charity, as in Britain, called for home visitors to assess the needs of the poor and recommend relief measures.

⁴⁴ Except the Indians.

anathema, it was acceptable in Canada, first because the ‘mother country’ Britain had done it, and second because it adapted to the reality of how the country was built in the first place.

CHAPTER 5 ~ CHARACTERISTICS OF SELECTED ORGANISATIONS

Chapters 3 and 4 provide a brief historiography of the nonprofit sectors in both Britain and Canada. Though spread over 400 years, the charitable history of each country reveals some similarities and important differences. Looking at the sectors from an evolutionary standpoint, four stages – which do not always correspond to the same years in both countries – can be used to inform a discussion about characteristics of voluntary organisations.

The first stage, person-to-person giving or almsgiving, was the foundation of voluntary action. There were differences in the second, or institutional stage. First in Britain, the local municipality or town provided some housing and minimal care for paupers and the disabled. In Canada, it was the church that provided some hospitals and limited education to the settlers. This nascent institutional stage was overtaken by stage three, more dependable public financing to support mainly hospitals and schools. During stages two and three, voluntary organisations were very much part of the landscape and did not decline in importance during stage four -- the establishment of a welfare state. Voluntary organisations were deeply embedded in each nation's culture. This is in spite of the fact that both countries have a history of promoting personal independence, which conforms to the values of *laissez-faire* capitalism, and a measure of egalitarianism. In Britain, there were few demands (up until the last hundred years) made on government to help the poor and less fortunate. The same was true of Canada, especially when it became a British colony. As was earlier pointed out, there was a markedly different situation in New France for the hundred and fifty years before the British takeover. During that time the French crown took spent money to dispatch doctors and priests (as teachers) to their colony to assist *les habitants*. But that period

was anomalous in the history of charity in both countries.

What stands out in the history is the persistence of voluntary organisations. To what can we attribute their tenacity, even after the establishment of the welfare state, when the need did not seem so great? It could be argued that they endured because they were the link between the state and private organisations. Another reason why they endured may be that voluntary organisations later modelled themselves on state-run services and organisations. As Hardin (1974) points out, the welfare state fitted with British history – the second and third evolutionary stage anyway. Voluntary organisations meshed with the way the state was organised. In the UK, this meant that the characteristics of voluntary organisations were that they tended to be large, centralised and bureaucratic. In Canada, voluntary organisations mirrored the three levels of government, which meant they were decentralised and smaller than in the UK.

Just as decentralisation and size are features of the sector as a whole, they are also characteristics of the organisations within the sector. For this study, thirteen organisations were selected in the UK and the same number in Canada. They were similar in an operational sense; they all hired staff and relied, to a degree, on the help of volunteers. They differed in that each organisation had a focus of activity, or mission, that was unique. They also differed in terms of size and structure. Other questions drew out more distinctions, such as whom is the organisation serving – its own members or clients? Were funds being directly channelled to the needy? Did the mission of the organisation affect its structure or the way it functioned? How was the human resource agenda dealt with in each organisation? How were they similar and how were they distinct?

The pages that follow present thumbnail sketches of the characteristics of each

organisation selected for the study. In addition to talking about the mission, the descriptors include a brief history of each organisation, its mandate, an overview of its structure, its major sources of funding and the complexion of its workforce.

I **Characteristics of the Selected 26 Organisations**

The rest of this dissertation arises from research done on twenty-six organisations, thirteen in Canada and thirteen in the UK. These organisations were divided into four areas of activity: those dedicated to foreign aid, medical charities, organisations dedicated to housing and finally aid and advocacy organisations (see Fig. 5.1).

Figure 5.1 Classification of Voluntary Organisations in the Study

	<i>Type of organisation</i>	<i>Number studied in sample, UK/Can</i>	<i>UK</i>	<i>Canada</i>
1	dedicated to foreign aid	8: 4 UK/4Can	Amnesty Int'l (AI-UK), Christian Aid, OXFAM-UK, VSO	Amnesty Int'l (AI-C), CUSO, OXFAM-Can, Save the Children
2	medical/hospice charities	6: 3 UK/3 Can	Asthma, Terrence Higgins Trust, London Lighthouse	Casey House, Community Clinic, Lung Association
3	housing/shelter orgs	3: 2 UK/1 Can	Shelter, St Mungo's	Canadian Housing Federation (CHF)
4	local aid/advocacy/human rights	9 : 4 UK/5 Can	Friends of the Earth (FOE), NACAB, Barnardos, Refugee Council	SPCA, Catholic Children's Aid, United Way, Salvation Army, Canadian Medical Association (CMA)

1) Mission or area of activity

Mission or area of activity is unique to each organisation. It is dependent partly on when the organisation was established, its history and its values. All the organisations selected are in the social or human services area. There are three reasons

for this: first, there is a plethora of organisations in this area and the organisations are very diverse. That means there is a broad range to study, and some of the organisations have similar missions. Also, there is the possibility of matching organisations, roughly according to mission or area of activity on a country to country basis (see Fig. 5.2). Second, social and human services organisations can often be researched more easily because they often have enough employees and volunteers to make research worthwhile. Third, there is easier access to the organisations because they are used to dealing with the public and are usually accountable to the wider community.

Fig. 5.2 Cross-National Matching of Organisations by Area of Activity or Mission

British	Canadian	Comments
Oxfam	Oxfam	-Canadian org'n an offshoot of the British one
Amnesty	Amnesty	- " "
Asthma campaign	Lung Association	- medical charity and advocacy
London Lighthouse	Casey House	- Aids hospice primarily
VSO	CUSO	- Can. org. was probably modelled on the UK one
St Mungo's Shelter	Salvation Army	-homeless shelters
NACAB	United Way	-umbrella org for other agencies
Barnardo's	Catholic Children's Aid	- children's charity
		Organisations which do not match: Terrence Higgins Trust, Christian Aid, Save the Children, Refugee Council, Friends of the Earth, Community Clinic, Can. Housing Federation, SPCA, Can. Medical Ass'n

Though all the organisations selected are voluntary, they can be further divided into those that are client-driven and those that are membership-driven or function as mutual aid organisations. Several straddle these demarcations which makes any

classification system imperfect.

There are several problems inherent in discussing mission or area of activity in the selected organisations. First, there is the problem of comparing like with like. As Figure 5.2 shows, it is only possible to compare the missions of the organisations up to a point. One-third of the organisations cannot be matched. Second there is the problem of the shifting areas of mission: some organisations start out as community-focused and move into self-help or advocacy. Medical charities such as the National Asthma Campaign and the Lung Association are examples. Self-help is a major area in the voluntary sector, but only four of the organisations studied have self-help or mutual aid as cornerstones. Finally the issue of size arises. As will be seen in the thumbnail sketches of each organisation, size is a major factor in determining the structure, the funding and the viability of organisations. It is also a factor in understanding key aspects of the ways they manage their staff. As noted in chapter one, human resource management -- or strategic HRM -- is more complex and takes on deeper meaning than simply as a grab-bag of techniques in areas such as recruitment and selection, appraisal or training. In both the UK and Canada, organisations in the private and public sector are aware of the debate between strategic HRM and personnel management. Some organisations are moving in a more strategic direction.

In conducting research into the 26 voluntary organisations, I quickly realised that human resource management, as it is practiced in this sector, does not usually connect with the bigger debate. Two observations may shed some light on this. First, I did not expect -- nor did I find -- ambitious strategic models of HRM. The debate is often carried on among 'professionals' in the HRM field. In many of the smaller organisations, especially the Canadian ones, few HRM managers had any sort of

training, education or background in the field. They were not very aware of the debate. Secondly, most of the voluntary organisations studied were too busy to pay much attention to strategic concerns. Almost all their time was spent on recruitment and retention of staff. For example, Shelter recruited, on average, two employees per week. Oxfam-UK recruited over 160 each year. Issues such as recruitment and selection, equal opportunities, appraisal, discipline, and compensation will be dealt with in Chapters 6 and 7. But at this point, it has to be noted that size is a major factor in HRM in the selected organisations.

2) *Structure of the Organisation*

Though there is a body of literature on structure in co-operatives and communes,¹ it does not fit the conditions inherent in voluntary and charitable organisations. Aside from Butler and Wilson's (1990) excellent contribution, there is not much research about the organisational structure of voluntary organisations. For example, the history and ideology of the organisations play a role, as does the country's political and social culture. In the UK, for the second half of the 20th century, the welfare state clearly has a pride of place in the country's national life and the advances it forged influenced the structure of voluntary organisations. In Canada,

¹ For example, see Kanter (1973).

the structure of voluntary organisations was not as influenced by the welfare state because it was at the “minimalist end” of welfare states and was less complete than Britain’s (Drache and Glasbeek 1992: 151). Because of the incompleteness of the post-war welfare state, people continued to rely on services provided by churches and ethnic communities.

In the 1970s, many organisations rejected a stuffy, bureaucratic structure in favour of “loose-knit informal networks” (Landry *et al* 1985: 9). In part this was prompted by two social forces: the impact of feminism resulting in women in unprecedented numbers entering the paid workforce, and the desire to make charities and voluntary organisations more democratic. Organisations became less hierarchical, less structured, open to fuller participation and the emphasis was on learning by doing rather than through theory (Rowbotham *et al* 1981: 42-3).

This may have been well and good for a smaller organisation, or one just created, but the bigger the organisation grew, the more it seemed to need to formalise its structure. Sometimes this notion was welcomed but sometimes it was disparaged as bureaucratic and inflexible. But, as Landry *et al* point out, organisations always had problems with structure, whether it was rigid or flexible.

“Nobody realised that no dogma is good dogma, and that it’s not a question of inventing a new organisational form which is supposed to apply to all situations, but rather of realising that different situations and tasks require different organisational forms.” (*ibid.*, p.12)

Butler and Wilson (1990: 23-27) take on board the concept of different organisational forms when they describe three types of structures in charities: the functional, the divisional and the matrix structure.

The functional is the least flexible: tasks are differentiated into separate

departments or sections and there is a management hierarchy. Communication runs from the staff level to the CEO or Executive Director. The second type is the divisional structure. It allows different branches or sections of an organisation to have different activities which function concurrently. This is especially visible in international development work in which headquarters has its distinctive role and field units have their different roles. For example, extra help and resources can be put into the department or section where they are most needed rather than into the organisation as a whole. But sometimes tensions can occur between headquarters and the field departments when headquarters wants policies or processes to be followed and the departments may want to bend the rules to fit local conditions.

The final structure, the matrix form, is still quite rare in voluntary organisations. It is

“organised around specific projects rather than around a fixed hierarchy or divisionalisation” (Butler and Wilson 1990: 27).

The most flexible kind of structure, it allows for a mix of employees from different departments to work on one or more projects. Butler and Wilson acknowledge the structure can create ambiguity in managing a project. For example there may be two managers, one from the project and one from top management in the project team. The ambiguity might create the illusion of a ‘structureless’ group, yet there is an underlying structure nonetheless (Landry *et al* 1985: 10). On the other hand, the matrix structure may well encourage creativity and better working relations because there would be a sense of equality if everyone were working on a project together.

Almost all of the Canadian organisations in the research use a functional structure, while the situation among British organisations is quite different: a third of

them use a divisional structure. It might be expected that the structure of an organisation is influenced by its size and income, but this is not born out in the selected Canadian organisations: the smallest to the largest organisation uses a functional structure. The exception is a mid-size organisation, the Canadian University Service Overseas (CUSO) which has an income of \$26 million (£14 million), and a staff of 135. It has a divisional structure. Perhaps, as Butler and Wilson suggest, structure is dependent on the organisation's mission or activity? They point out that in the Save the Children Fund (UK) the divisionalised structure is utilised so that the UK areas of work and branches can operate independently of the overseas branches (*ibid.*, p. 25-6). So the divisionalised structure may work better in an organisation that promotes foreign aid. This may be so but the idea has not caught on in similar organisations in Canada.

Even though most of the detail about human resources will be explored in Chapters Six and Seven, the next section makes preliminary mention of staffing concerns, gender issues, union status, structural principles and missions for each organisation. The following summaries also include sources of funding. The annual income for each organisation is confusing because of the difficulties in translating the currencies. To do an accurate international comparison, I use the PPP (Purchasing Power Parities) figures published by the OECD,² rather than the actual exchange rate.

² Look up PPP in OECD table -- <http://www.oecd.org/std/ppps.htm>

III UK Organisations

Amnesty International (AI)

The mandate of AI is two-fold: first to promote general knowledge about human rights, and second, to oppose the detention or torture of prisoners of conscience worldwide. Started in 1961 by a British lawyer, AI now has more than one million members and supporters in more than 100 countries.

There are 300 permanent and nearly 100 non-permanent and special project employees at AI's headquarters, the International Secretariat, in London. Seventy percent are women and thirty percent are men. In senior management there is only one woman amongst four men. Their last workforce audit was a one day "snapshot" in 1993. It revealed that 95 per cent of the workforce was white and able-bodied and that staff at lower grades (secretarial or administrative) were more ethnically representative of the London workforce than people at higher grades. Most employees were between 25 and 45 years old.

AI's structure is functional. The organisational chart is triangular with the secretary-general in the middle of the triangle and the management team at its core (see Figure 5.3 next page). There are three programme areas, one along each slope of the triangle: international programmes (including campaigns and crises, media and the legal department), regional programmes, and resource programmes (including human resources, accounting, information technology and publications). Despite the nearly four to one ratio of women to men in the organisation, programme managers are overwhelmingly male. Out of sixteen people on the management team, there are eleven men and five women.

There are two reasons why AI may have adopted a functional structure – the

INTERNATIONAL SECRETARIAT STRUCTURAL DIAGRAM

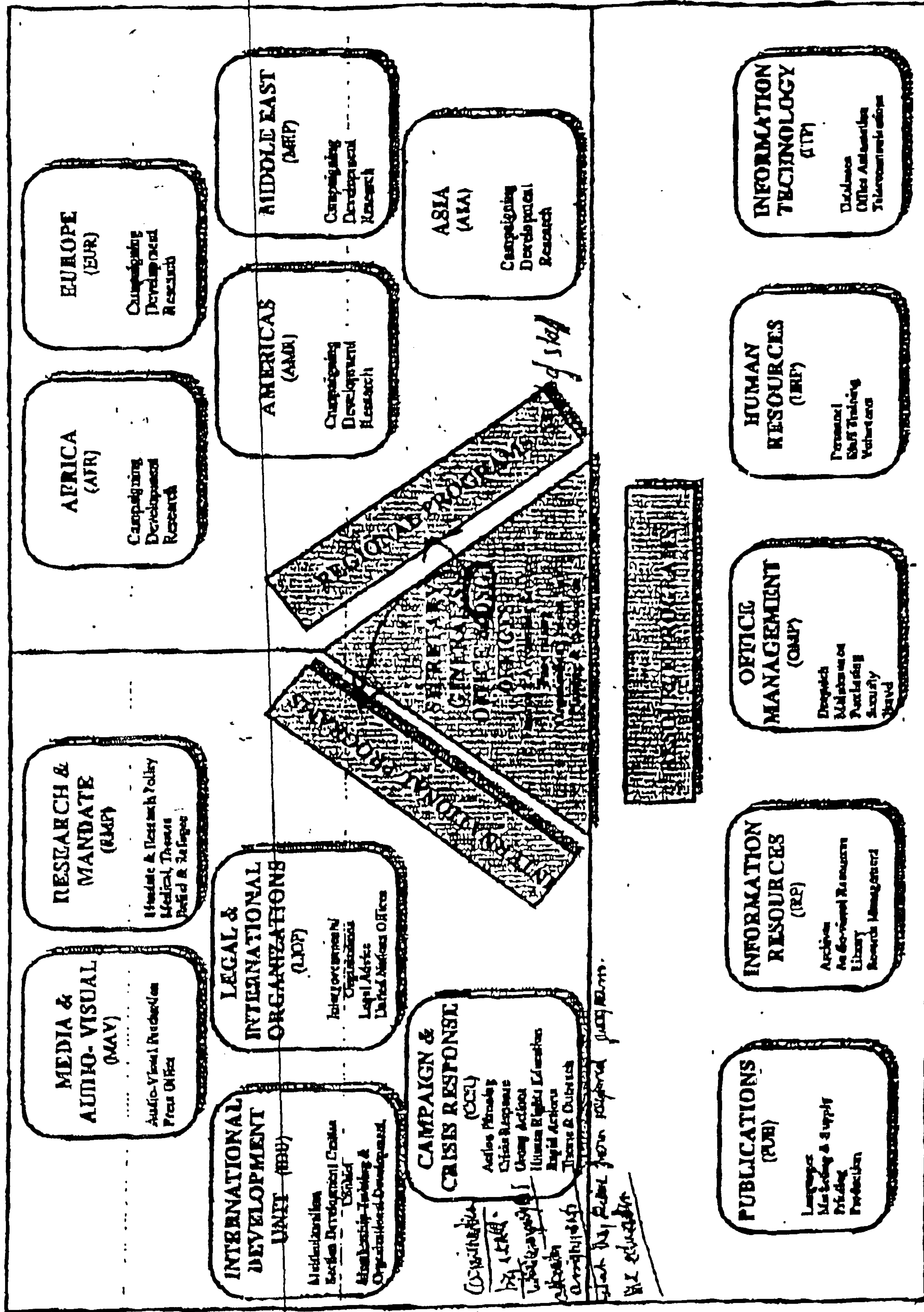


Fig. 5.3

needs of the organisation and its reputation. First, the organisation is, to a degree, modelled on the United Nations and reflects its terminology and its hierarchical structure. Also, AI is, arguably, the leading human rights organisation in the world. Their literature states that their effectiveness “... depends on our reputation, so it is essential that our research is detailed and accurate.”³

In order to hire and retain specialists in various field and to produce accurate reports on human rights abuses in scores of countries, they seem to need a top-down sort of organisation, in which every department or section is interdependent and reports to senior management. One would have thought that the size of the organisation would play a role, but a similarly large organisation, Christian Aid, has a matrix structure and operates on a project basis.

This slides into the second justification for AI’s functional structure. The organisation’s needs are vast. Their paid staff conducts in-depth research and produces country reports on human rights abuses. They investigate all sources and make certain they are reliable. Each year AI launches hundreds of public campaigns to free prisoners around the world. The International Secretariat in London has to initiate campaigns; in order to do that, perhaps a hierarchical organisation is necessary.

In 1998, AI revenue was £17.7 million.⁴ It came from memberships, donations, pledges, and fundraising exclusively. On principle, AI does not accept donations or funding from any government.

As might be expected, staff’s political commitment to their work also informs

³ <http://www.amnesty.org.uk/amnesty/index.html> *Amnesty International* p.2

⁴ <http://www.amnesty.org/ailib/aireport/ar99/appendix/appendix9.htm> (10.08.99)

their attitude toward their union. There is a high level of union density at AI, and according to the personnel officer,

“The union challenges us all the time. We are a political organisation with a small ‘p’ and we are always aware that this is paid for by ‘the movement’.”

National Asthma Campaign

The National Asthma Campaign, established in 1990, is the major UK charity working in the area of prevention, treatment and research of asthma. Estimates are more than 1.8 million adults and 1.3 million children in the UK have asthma and the number is growing.⁵ With 62 employees, and hundreds of volunteers in more than 100 branches, the organisation offers a telephone helpline, activities, and public education. The organisation also is a leading funder of independent asthma research.

The organisation’s annual income is £6 million.⁶ Half the budget, or £3 million, funds two professional chairs at universities, three senior research fellows and a number of research studies.⁷ Income is received from donations, sponsorships, trusts, grants and companies -- including eleven per cent from pharmaceutical companies.⁸

The National Asthma Campaign has a functional structure. The CEO and the finance manager form the executive of the organisation and take charge of the few departments. For example, the finance manager is in charge of personnel, finance, and general management. Without a union, the finance manager handles discipline issues in

⁵ National Asthma Campaign. *Catching Breath: Annual Report 1995*. London. p.23.

⁶ <http://www.asthma.org.uk/> *Notes to Editors*, p.1 (18.08.99)

⁷ <http://www.asthma.org.uk/> *Research*, p.1 (18.08.99)

⁸ <http://www.asthma.org.uk/> *Notes to Editors*, p.1 (18.08.99)

the following way,

“We go down to the pub and try to resolve it. There is a panel process. I choose two staff and the person chooses two staff. They act as a jury. Three to one wins. If it’s two to two, then we go to the CEO or the board to cast a deciding vote.”

Butler and Wilson (1990: 27) believe there is more potential for conflict between departments in medical charities than in other voluntary organisations, because resources are limited and demands are great. Deans (1989: 146-7) says that resources are limited because donations are split along two lines: first to relieve the pain or support patients and second in a quest for a cure. Funders often choose to donate to one aspect which creates hardship for the other. There is also the issue of immediacy. Most voluntary organisations in the social and health areas provide an immediate service. Adding long-term research interests to the fundraising mix can make it harder to raise money.

Barnardo's

More than a century ago, Barnardo's began in London as a Christian charity which provided homes for orphans and street children. Today Barnardo's works with children, teenagers and families at risk from the effects of poverty and disability. The UK's largest children's charity, Barnardo's serves 43,000 children and families through 285 projects nationwide.⁹ Many local authorities sub-contract their child care and family support services to Barnardo's.

Barnardo's is divided into eight divisional offices: Northern Ireland, Midlands, North West, South Wales and South West, London, North East, Scotland and Yorkshire. Each office functions on its own in terms of human resources, planning and

⁹ <http://www.barnardos.org> *About Barnardos* 14.8.99. p. 1

service delivery. The London headquarters retains a firm grip on policy but not on operational co-ordination. For example, Barnardo's used to have a centralised personnel department which dispatched officers to the regions. Now each divisional office has its own personnel director and staff.¹⁰

The organisation discourages unions. Though some employees are members of UNISON, it is not recognised. They used to follow the local government salary scale and conditions (APT and C) but they claim to be moving away from it because "it's a straight-jacket." In fact the organisation allots less maternity leave than local government.

This research took place mainly in the Midlands division, which employs more than 600 people in childcare, retail shops and fundraising. According to Barnardo's records, in 1995, nearly 79 per cent of Midlands' childcare employees were female as were 60 per cent of managers. That number rises in the areas of retail and fundraising: over 92 per cent of employees and 75 per cent of managers were female¹¹.

Barnardo's 1997 income was £98.2 million¹² of which just over a third came from fundraising; a quarter from shop sales and investments, and more than 40 per cent came from fees and grants for child care services from local authorities.¹³

Christian Aid

Christian Aid was founded in 1945 to help refugees and churches in Europe rebuild after the war. The official agency of the British Council of Churches, it

¹⁰ Interview with Jasviar Boyal, personnel manager, Barnardo's Midlands Division.

¹¹ Interview with Jasviar Boyal.

¹² Barnardo's. *Annual Report and Accounts 1997*. London. (p. 14)

¹³ *Ibid.*, p. 18

represents about forty denominations in the UK and Ireland. As a result of a considerable shift in their mission, today, in partnership with churches in more than sixty countries, Christian Aid works to alleviate poverty and disease.

With a total of 270 employees, Christian Aid's London headquarters has 180 people, and more than 88 staff in regional offices. Despite the fact that overseas work accounts for 76 per cent of Christian Aid's budget, only six people are employed abroad to work with local groups.¹⁴

In terms of employees, though 63 per cent of the staff overall are women, they represent only 33 per cent at the assistant director and director grades (the managerial levels). Despite the fact that 83 per cent of women are employed at grade 4 (the lowest pay level) as secretaries, receptionists or packers¹⁵, there seems to be no problem retaining them. In fact at nine per cent per year, the turnover is too low, according to the head of personnel. Christian Aid recognises a trade union (ACTTS), but there used to be only a staff association. The organisation uses volunteers to help with administrative work, and once a year 300,000 volunteers collect donations for Christian Aid Week. Christian Aid's total revenue was £37.7 million in 1998.¹⁶ One-third comes from government, including the UK Dept for International Development, the European Union, the Irish Government. The remainder is derived from individual donations, denominational appeals, legacies and grants.

Butler and Wilson (1990: 108-116) have detailed the change in structure of

¹⁴ Christian Aid. *Aiming High: Annual Review 1997-98*. London.

¹⁵ packers pack and post books, leaflets and learning materials which are shipped out to churches and schools.

¹⁶ Christian Aid. *Aiming High: Annual Review 1997-98*. London.

Christian Aid since 1986. Using Christian Aid as a case study of a large, established charity, they note the organisation went from being a complex “centralised, functionally differentiated bureaucracy, controlled by a large board” to a more participative and democratic matrix structure. At the top are the CEO and the Assistant Director, under whom 32 teams work with considerable autonomy. According to Butler and Wilson (1990), this major change was more easily accepted by the overseas regional staff because their work is often project-based and aimed at providing direct services. The change was met with resistance by the staff managing the UK/Ireland and the education departments because they could not see how their current workload fitted into the new structure or how the structure could improve their programmes.

Friends of the Earth (FOE)

Founded in 1971, Friends of the Earth (FOE) is a leading campaigner for the protection of the environment. FOE is part of a major international FOE network of environmental groups in 58 countries¹⁷ which advocates “green” solutions to pollution, and preserving wilderness. FOE is really two separate organisations. Friends of the Earth Limited is the campaigning arm, and Friends of the Earth Trust is a registered charity dedicated to research and education. This research focused on the campaigning group.

Headquartered in London, FOE has a core paid workforce of 121 – only half the number employed by Greenpeace, which is a major competitor. Most of the people who apply for jobs have been active as volunteers in their local FOE groups.

¹⁷ <http://www.foe.co.uk/action/index.html> *About Friends of the Earth* p.1 (16.8.99)

Employees on average are in their mid-thirties, well-educated and overwhelmingly white; 60 per cent are female. The personnel and training manager complains that despite a high burnout rate,

“People don’t want to quit. Instead they come in the door and want to hang their motivation up on a hat rack. Professional pride won’t allow them to leave. If there is a poor or problematic employee the question always asked is – ‘Are they in the FOE family?’ ”

In 1995 gross income was £3.8 million; virtually all of it from supporters’ donations and trading revenue.

In terms of structure, FOE could be classified as a cross between functional and divisional. On the functional side, the executive director, his personal assistant and administrative assistant operate as a directorate. They directly supervise five large departments headed by their own directors. In fact only the executive director has the power to fire anyone. On the divisional side, each department is quite complex in its make up, with its own campaigns and workloads. The departments seem to operate with a great degree of freedom.

Terrence Higgins Trust (THT)

The Terrence Higgins Trust (THT) began in 1982 and is now the UK’s leading voluntary organisation in the fight against Aids. Through education and campaigning THT tries to reduce the spread of HIV and provide services and support for people living with Aids.¹⁸ There are 75 paid staff and nearly 1,300 volunteers in the London area. Sixty per cent of the staff are female, as are half of the directors. The five per cent turnover rate is low because the organisation takes pride in paying in the top quartile for voluntary organisations.

¹⁸ Terrence Higgins Trust. *Annual Report and Accounts 1997*. London

“It’s like golden handcuffs, but it would be good to get a mixture of new people. People tend to stay three or four years and then leave to go to other voluntary organisations, or back to school.”¹⁹

Union density in the MSF union is high at 70 per cent and the personnel officer is a union member. Twenty per cent of staff are persons of colour.²⁰

The CEO oversees the work of four departments marketing, counselling, finance and human resources. These departments tend to work autonomously. In 1998 a major re-organisation meant THT merged with four regional HIV and Aids charities in England.

In 1997, THT took in £3.9 million. Fifty percent of their funds consisted of donations and legacies; the other half was from project grants from the Department of Health and the sale of merchandise.

London Lighthouse

Established in 1986 to provide care for those with HIV and Aids, London Lighthouse operates a 23-bed facility for respite and terminal care. The organisation also dispatches nursing staff to help Aids sufferers in private homes. The average patient is a gay and/or African man: women seldom come because, according to the head of personnel

“They tend to go to hospitals, where it is not just to do with Aids so it is more anonymous and people can visit without any stigma.”

Two-thirds of the 170 staff are women and the workforce is divided among heterosexual women, gay men, lesbians and heterosexual men. The organisation actively recruits staff who are HIV positive.

¹⁹ From an interview with Helen Reeves, personnel officer.

²⁰ *Ibid.*

The organisation's income in 1996 was £5.4 million. In terms of structure, London Lighthouse operates on a functional structure. There are eight departments which have differentiated tasks, like social care, marketing, and homecare. Information seems to flow from these departments to the CEO and the twenty trustees, who seem to have a more 'hands-on' approach to management than was found in many of the other case studies.

8) *National Association of Citizens Advice Bureaux (NACAB)*

1999 marked the Diamond Jubilee of Citizens Advice Bureaux (CAB) services. Started sixty years ago as an emergency service run by volunteers during World War II, today CAB is a professional national organisation with more than 700 offices in the England, Wales and Northern Ireland. Each office is an independent charity which relies on local authority funding and professional services from the National Association of Citizens Advice Bureaux (NACAB). NACAB provides training, workshops, printed materials, formation and lobbying services to CABs around the country.

NACAB is based in London, with nine regional offices, and a staff of 350 which is two-thirds female. It is an ageing organisation with the average age between 40 and 55, and few employees under 25. NACAB's 1997 income was £16.3 million²¹, two-thirds of which came from statutory funding through the Department of Trade and Industry (DTI). Other income came from local authority funding and donations.

Much like a government department, NACAB uses a functional structure. This probably arises from its history; it is an organisation which saw itself as an off-shoot of

²¹ NACAB. *Connecting Society: Annual Report 1996-97*. London.

government, able to smooth the wrinkles for people who used government services. The CEO has a seven person executive management group made up of the heads of major departments which in turn have large staffs.

Turnover is relatively low at ten per cent which prompts the human resources manager to say,

“NACAB is like a religion, at least it’s the closest you get to it. People tend to leave disillusioned or peer pressure squeezes them out or they simply stay on! We don’t manage firings well.”

Oxfam (UK)

Oxfam is one of the world’s largest voluntary organisations devoted to international development, advocacy and relief work. Oxfam’s forerunner, The Oxford Committee for Famine Relief, was created in 1942. After the war, the Committee continued to raise funds for war refugees. By the 1980s Oxfam was a major player in development and humanitarian aid in 70 developing countries and it spear-headed anti-poverty projects in the UK and Ireland.

The 1997-98 income was £98 million.²² A quarter of Oxfam income came from the Department of International Development, formerly ODA, the European Union and the United Nations. The rest came from appeals, donations and retail sales.

Oxfam’s corporate management team oversees three divisions: the international division, the international trading division and the marketing division. The organisation has a divisional structure, with departments that operate autonomously yet with some control from the centre.

There are 200 employees in the UK and over 1500 overseas. Sixty per cent of

²² [http:// www.oneworld.org/textver/oxfam/index.html](http://www.oneworld.org/textver/oxfam/index.html) “*Oxfam GB Annual Review 1997-98*”, page The Chair: Joel Jaffe

the UK staff are female, but only a third of the international staff is female. With so many overseas positions, there are over 160 recruitments a year, and Oxfam's recruitment website receives over 200 'hits' per week.

The Refugee Council

The Refugee Council is the UK's largest provider of support to refugees and asylum seekers. Among other things, it offers a re-settlement service, a training and employment centre, community support, and front-line advice. The London headquarters has 194 people on staff, an additional 64 are casual staff. There are two temporary satellite offices outside London with 25 more staff. Nearly 60 per cent of the staff are female.

Funding for The Refugee Council comes nearly entirely from the Home Office and from the European Social fund. This funding arrangement is unusual for nonprofits, particularly for the sample of organisations studied in this research. The organisation's 1995 income was £9.8 million.²³

Clearly, the state sees The Refugee Council's role as legitimate. Butler and Wilson outline four cases in which the state encourages voluntary activity. The Refugee Council fits the first example of

“... a voluntary organisation ... doing the job of what otherwise would be the task of a state agency, or possibly a number of private commercial concerns.” (1990: 19)

This also suggests the more “like” government the organisation, the simpler it is for the government to relate to it and recognise it (*ibid.*).²⁴ So it is not surprising that the

²³ The Refugee Council. *Annual Report 1995*. London

²⁴ See also DiMaggio and Powell (1983).

structure of The Refugee Council is functional. It is hierarchical much like government, in that the six department directors under the CEO report directly to him and those directors have a number of sub-sections which report to them. The human resources director says there has been a big change in the management culture and that they are now trying to be client-centred rather than employee-centred.

“Before, each division did its own thing, there was no control over pay, no corporate control. Now we’re moving toward corporate control, the finances are under control– more bureaucracy is the downside.”

St Mungo’s

Established in 1969, St Mungo’s is London’s largest provider of accommodation for the homeless. With 55 housing projects, over 1,100 people a night are housed. In addition to providing housing, St Mungo’s provides ancillary services such as health care, alcohol and drug rehabilitation, counselling and job training schemes. St Mungo’s 1997 revenue was £15.3 million.²⁵ Rent is collected from residents’ housing benefits and accounts for most of the revenue. The rest comes from government (including the Departments of Environment and Health and various London boroughs) and major corporate funders.

There is a staff of 360: seventy work in the head office and the rest work in the housing projects. Fifty per cent of the service staff are female but at the managerial level only a quarter of the managers are women. There is quite a lot of violence and the threat of violence in the residences, because most of the residents are hard to house (to use a euphemism). Interestingly residents are permitted to drink in the residences and they can also bring their pets to live with them. Much of the in-house training is in

²⁵ St Mungo’s. *Facts and Figures 1996-97*. London.

violence control and handling. St Mungo's does not use volunteers at all because they need a high level of management and usually do not have the skills to deal with the clientele.

Like The Refugee Council, St Mungo's has a functional structure. It also has close ties with local authorities which used to provide social housing but are hiving off that responsibility to housing associations and charities. Local authorities see St Mungo's filling a gap which the government cannot provide.

Shelter

Shelter offers independent, free and professional housing advice through a network of 50 housing aid centres around the county. Founded in 1966 in the wake of the film "Cathy Come Home," Shelter tries to combat the growing homeless problem in large cities, and fights for legislative changes to help the homeless. Shelter has more than 320 paid staff, about a third in its London headquarters and the rest scattered in regional offices. Two-thirds of the employees are female; in management 50 per cent are female. Perhaps because of its image as a campaigning organisation, more than three-quarters of the employees are under age 39. Most staff are in London. The high annual staff turnover rate of nineteen per cent is in part attributable to the fast pace and problems of burnout. The average stay is two years, then employees tend to go on to other charities. The organisation seems far less radical than it was thirty years ago. It is procedurally bound-up, according to the acting human resources manager.

"The focus seems to be on getting procedures right, rather than the jobs themselves. On the positive side, far more emphasis is on equal opportunities today. We can spend a whole hour with the union discussing whether it is within a procedure or not before any wage negotiations take place."

Shelter's 1998 income was £19.6 million.²⁶ Over 50 per cent came from donations and legacies, while government and local government grants accounted for only seventeen per cent of revenues. The rest came from sales at Shelter shops and publications.

Shelter operates on a functional model. Tasks are separated into different departments which are well-established.

VSO

In 1958, VSO began to recruit school-leavers and university graduates committed to performing volunteer work in third-world countries. This changed dramatically over the decades as VSO became more interested in recruiting volunteers with particular skills and education to work with people in developing countries on a range of projects. Today VSO sends expert volunteers to share their skills and encourage sustainable development around the world. The organisation has 395 employees, 220 in the administrative headquarters in London and 175 expatriate UK staff who work abroad. There are three women to every man employed in the UK, but in the field (outside the UK) women account for 57 per cent and men 43 per cent. The executive director of VSO is a man, as are four out of six department directors. Union density (ACTTS) is about 60 per cent and, according to the head of personnel, Kathy Moore, the union is too procedurally minded.

“They believe traditional management is evil. I like to say the union never lets reality get in the way of principle. The union wants as many new people coming into the union as possible. We nearly had industrial action this year when the union objected to pay rises on a selective basis. Our data in salary surveys say we are lower than our

²⁶ <http://www.shelter.org.uk/about/funded.html> “About Shelter: Where does Shelter's income come from?” p.1 (20.8.99)

comparators. People are turning down our jobs and we couldn't recruit. We wanted to make a small increase to grades A and C. But the union is equality driven' they wanted across the board increases. I feel the union wasn't being realistic."

The organisation uses a divisional structure: departments are further divided and the heads of the sub-departments report back to the department director who in turn reports to the director.

VSO has an annual income of £25 million,²⁷ three-quarters of which comes from a grant from Department of International Development (formerly the ODA).

III Canadian Organisations

Amnesty International (AI)

AI (Canada) is a member of Amnesty International, the worldwide organisation for human rights. There are more than 67,000 AI members in Canada who are part of their local city, town or university branch affiliated to the national headquarters in Ottawa.²⁸ As in several other national organisations in Canada, Amnesty represents members in English-speaking Canada only. There is a separate French section for people in Québec. The national question in Canada is often played out in the voluntary sector. Most national organisations have a completely separate Québec organisation which has virtually nothing to do with the English Canadian counterpart. In fact in the case of Amnesty, each section is separately affiliated to the international body in London.

Amnesty's Canadian office has twenty-five people on staff, eighteen women and seven men. In Toronto there is a small refugee program which employs two

²⁷ Email from Kathy Moore, VSO human resources director, 24. 08.99

²⁸ <http://www.amnesty.ca/about/index.html> 24 Aug. 1999

women who share one full-time job. The three managers, the director of finance, the managing director and the secretary general, are men, and make up the Strategy Unit which presides over a functionally structured organisation.

AI Canada's 1998 income was \$3.2 million²⁹ (£1.7 million) – quite a contrast to Amnesty's International Secretariat in the UK which is eighteen times the size. The difference has to do with the fact the UK organisation is the international headquarters, and the Canadian one is basically purely informational; it does not co-ordinate the scores of tiny independent volunteer-led groups across the country. Virtually all revenue comes from renewal of memberships and special appeals and a monthly giving programme called "Covenant of Hope". The organisation takes no money from any level of government, or from any government agency.

Catholic Children's Aid Society of Toronto

The Children's Aid Society of Toronto was founded in 1891 to serve the majority Protestant population at that time. The Children's Protection Act of 1893 or "The Children's Charter" vested local Children's Aid Societies with the responsibility of supervising neglected and dependent children.³⁰ In 1894, the St Vincent de Paul Children's Aid Society was established to assist Catholic families. In 1957, its name changed and Catholic Children's Aid became one of the 24 Children's Aid Societies in Ontario. The organisation provides a comprehensive range of programmes such as family counselling, adoption, fostering, parent support and abuse treatment.

The organisation is 97 per cent funded by the province; the rest comes from a

²⁹ Amnesty International Annual Review 1998-1999: Financial Report to Members (Canadian Section).

³⁰ See Jones and Rutman (1981).

small federal government grant and donations. Virtually all of the money for the Children's Aid Societies comes from government for two reasons: first because child welfare is a provincial jurisdiction, and second, because the Children's Aid Societies do the work that Social Services departments do in smaller provinces like Saskatchewan and Alberta. In 1998, its income was \$55.9 million (£22.3 million).³¹

The Catholic Children's Aid Society operates in a functional organisational structure, much like a government department. Children's Aid Societies are the largest employers of social workers and youth workers in the province. Catholic Children's Aid has 400 employees, 75 per cent are women. The staff speaks over 25 languages because there is an increased demand for services for a variety of ethnic groups and the francophone community. Catholic Children's Aid is designated as the francophone provider by the provincial government.³²

The staff is divided evenly between clerical and professional (social workers). Interestingly, only the professional staff voted to join the Canadian Union of Public Employees (CUPE – Canada's largest union), and they came very close to striking for a first collective agreement. The clerical staff have rejected unionisation each time a union drive has taken place. Perhaps this is because the clerical staff is almost 100 per cent Catholic, while often the professionals are not. It may be the clericals believe joining a union would burden the employer in some way.

³¹ Catholic Children's Aid Society of Toronto. *Annual Report 1998-1999*. Toronto

³² Ontario is one of two officially bilingual provinces; the other is New Brunswick (because of the settlement by Acadians three hundred years ago). Québec is considered unilingual, French only.

Casey House

Casey House was founded in 1988 by one of Canada's leading journalists and philanthropists, June Callwood. Casey House provides palliative care for people living with Aids both at its facility in Toronto as well as a home hospice programme in patients' homes.

Casey House employs 81 people, half of whom are registered nurses. The ratio of males to females is one to two, and nearly half the staff works part-time. The organisation runs on a functional model, with the Director of Clinical Services supervising social workers and dietary workers, and the Director of Human Resources and Operations in charge of physical plant, housekeeping, reception and security. There is no union, says the director of human resources

“They don't need one here; to give employees a voice we have committees with staff representation. People expect to have a voice.”

In 1997, Casey House's revenue was \$4.1 million³³ (£2.2 million). Two-thirds of the budget comes from an operating grant from the Ontario Ministry of Health and a programme grant. The rest is from donations and an operating grant from the Casey House Foundation.

Co-operative Housing Federation (CHF)

CHF Canada is a 30 year old organisation which represents more than 750 housing co-operatives, with over 50,000 housing units³⁴ across the country. The organisation is like a mutual aid society; it arranges group insurance, staff training for housing co-op employees and board members, and it lobbies government about the

³³ Casey House Hospice. *Annual Report 1996-97*. Toronto. p. 10

³⁴ Co-operative Housing Federation of Canada. *Annual Report, 1998*. Ottawa. p.3

need for more affordable housing. CHF is part of the larger co-operative sector in Canada, one which includes organisations for international development, insurance, health care and retail shops. Over the past decade the Canadian government has cut back significantly on funding all social housing. Housing co-operatives, though self-sustaining, have also been affected since the government has refused to lend money for more houses to be built. As a result, CHF has fallen on rather hard times and has had to reduce its staff.

CHF has 29 employees in Ottawa; two-thirds are female. The organisation uses a functional structure with an executive director and an executive assistant (both female) who handle all administrative, financial, and computer management as well as the HRM role. Beneath these two people, are four consultants who head different areas of work like government relations and co-op services.

The organisation's revenue was \$2 million in 1998³⁵ (£1.1 million). Virtually all of their income is derived from dues or subscriptions paid by affiliated housing co-operatives.

18) *Canadian Medical Association (CMA)*

The CMA is essentially a voluntary professional association which represents the vast majority of Canada's 43,000 physicians. Founded in 1867, Confederation year or the year Canada became a nation, the aim of the CMA is to provide leadership and a voice for doctors nationwide, including Québec. This is an example of a national organisation which includes Québec. Perhaps this is because either physicians do not feel partisan on the national question or they are looking for a way to have as much

³⁵ *ibid.*, p. 2

clout as they can. Including Québec doctors adds to their strength. In addition to providing support such as financial services, insurance and legal help to its members, the CMA also publishes clinical books and lobbies government. It is the only purely mutual aid group in the study. It is also not typical of mutual aid groups which tend to be smaller, more accessible for membership³⁶ and have less 'status conferring capacity' (Gordon and Babchuck 1966: 26).

In 1998, revenue totalled \$23.9 million³⁷ (£12.9 million). Most of the money came from membership subscriptions and fees for professional development. The CMA uses a functional structure. The secretary general (CEO) is in charge of seven departments from research to professional development. The CMA employs 116 staff, three-quarters of whom are women. There is no union.

Saskatoon Community Clinic

The Community Clinic was founded in the wake of the Doctors' Strike of 1962. That year doctors went on strike in the province of Saskatchewan because the government legislated socialised medical care. After a long and acrimonious strike, the first involving doctors in Canadian history, the doctors lost the battle and state-funded medicine was implemented. The Community Clinic has deeply political roots as it was founded by doctors and patients who sided with the government in their belief about socialised medicine. The Clinic is a co-operative with more than 5,500 member households; it is one of five community clinics in the province. In turn it is part of the wider provincial co-operative movement. The goal of the clinic is to help its members

³⁶ In this case, one must be a medical doctor to belong.

³⁷ Canadian Medical Association. *Report to Members 1998-99*. Ottawa.

and those in the wider community improve their health and well-being.³⁸

Support for the clinic comes from people in the rural areas and in Saskatoon who remember the struggle for free medical services, and from politicians in the social democratic provincial government. It is an institution of some political significance within the province.

The Clinic has 140 employees including 15 physicians who are also salaried. This is most unusual in Canada, because the vast majority of doctors are working for ‘fee for service’ which means they bill the province’s health service for each procedure they do.

The Clinic has a functional structure, with eight department heads reporting to the clinic administrator. More than 80 per cent of staff (excluding doctors) are women. The Clinic’s operating budget is \$6.5 million³⁹ (£3.5 million). But its budget is not a ‘real’ one. The Saskatchewan Department of Health gives the Clinic a global operating budget and the organisation provides services with that money. The Clinic also receives a small grant from the federal government and fees from members – but membership is a token fee and is not compulsory. Yet the organisation does function as a voluntary organisation, with an elected board of directors.

Canadian University Service Overseas (CUSO)

Influenced by Britain’s VSO, CUSO began in 1961 with the idea of sending newly-minted university graduates to volunteer on community projects in poor countries. Over the last 40 years, the organisation’s mandate has changed

³⁸ Community Health Services (Saskatoon) Association Ltd. *Annual Report 1998-99*. Saskatoon.

³⁹ *Ibid.*

considerably. CUSO's aim now is to work with people "striving for freedom, self-determination, gender and racial equality, and cultural survival."⁴⁰ CUSO acts as a clearing house for information; it provides co-operant help in developing countries and material resources. In addition to working on some projects in Canada, the organisation now focuses on promoting global sustainability.

CUSO, with its headquarters in Ottawa, has five regional offices across the country, including Québec. It works within a divisionalised structure. In fact it looks very much like Butler and Wilson's model of a divisionalised organisation (1990: 26). There is the chair of the organisation, the council below him and below that the executive director. From that point CUSO fans out into its regional programs, Americas-Caribbean, Asia-Pacific, Africa and Canada, and an administrative section all with directors at the top. The regional offices have local Canadian projects (such as literacy or aboriginal rights) and also recruit for the international projects. In 1997-98, the divisionalised structure facilitated the closure of a dozen CUSO offices across Canada because management believed the Canadian region was treated equivalently to the three international regions. As long as only a few Canadian offices and projects remained, it was of limited concern to the council and virtually no concern to those in charge of projects abroad. As Butler and Wilson remark,

"Since divisions operate relatively autonomously, resources and energies can be channelled into those parts of the organisation where they are needed the most. This can occur without affecting the other branch... of the organisation." (*ibid.*, p. 26)

In terms of staff, in eight years the organisation has declined from 1,000 employees (200 Canadian and 800 international staff) to 135 employees (85 in Canada

⁴⁰ CUSO. *Annual Report 1995-96*. Ottawa.

and only 50 abroad). The shrinking of the organisation was caused in the main by revenue cuts by the Canadian International Development Agency (CIDA), a federal government agency. Financial cuts to the organisation resulted from a change in government policy.⁴¹ CUSO's revenue was large, by Canadian standards, at \$25.2 million in 1998⁴² (£13.6 million). Half the revenue came from CIDA, and the other half from donations.

Ontario Lung Association

The Lung Association is the country's oldest voluntary health promotion organisation. It was founded in 1900 to help stop the spread of tuberculosis.⁴³ Today the organisation is involved with preventing and controlling asthma and discouraging smoking. Like its British counterpart, the National Asthma Campaign, a major part of its mandate is to fund medical research and that accounts for 30 per cent of the budget. The rest goes to help people with asthma, and to education.

The organisation uses a functional structure. The CEO is in charge of a management committee that includes five regional directors. The regional directors are charged with 32 community offices throughout Ontario and 159 paid staff. Over 88 per cent of the employees are female, most of them on ten month or twelve month contracts stipulating a small number of fixed hours per week. Clearly this is 'women's work'. Turnover is very low, at five per cent, which means nurses and teachers want

⁴¹ It is commonly believed that the Conservative government under Brian Mulroney cut grants to foreign aid organisations. This is not at all true. It was three years into the Liberal government's first mandate -- the mid-1990s -- when cuts were announced.

⁴² <http://www.cuso.org/reports/efinancialoverview3.htm> (2.08.99) p.2

⁴³ In major Canadian cities, like Toronto, Montreal and Vancouver, tuberculosis is making a serious comeback. Antibiotics are virtually useless against one more virulent strain.

to do this sort of part time contract work as a 'second career'. Toronto, the provincial head office, has 29 staff. The director of human resources, Leslie Olsen, comes from the retail book trade. She has no education and little experience in HR, but is taking the CHRP⁴⁴ course at her own expense. Her employer will not pay for the courses – which are costly – but will give her time off to study. She has found the biggest problem in HR has been theft

“People don’t deliberately set out to steal; they borrow petty cash and forget to replace it. They ease into theft.”

In 1997, Ontario Lung Association revenue was \$8.2 million (£4.4 million).⁴⁵ Most of it came from fundraising and contributions from the parent organisation, the Canadian Lung Association in Ottawa.

Oxfam - Canada

Founded in 1966, Oxfam Canada was Oxfam UK’s first international offshoot. Oxfam was then becoming a major educational clearing house for international development and advocacy. At first Oxfam recruited Canadian volunteers to support its work abroad. Quickly the organisation grew and became more professionalised. Oxfam Québec affiliated separately to the worldwide Oxfam movement. Today Oxfam works with development organisations around the world to build self-sustaining communities. It also has a small programme to promote equality and coalitions for social justice within Canada.

The organisation has undergone major changes to its structure from a

⁴⁴ Canadian Human Resources Professional designation

⁴⁵ Provincial Office of the Ontario Lung Association. 1997. Financial Statements. Toronto

divisionalised form in 1996 to a functionalised one today. In fact the re-structuring has meant a loss of two dozen paid staff and a shrinking of the organisational chart. Even the new personnel officer, David Orfald, was about to lose his job. He explains,

“It used to be there was a management team and I was part of it. The problem was all the key managers were in the union, so authority was ambiguous. The only authority was really the board of trustees, so managers could make very few decisions.”

Changes also had to be made in terms of compensation. Oxfam used to pay every employee a base salary of £20,400 per year. For the first dependent, an employee received an extra ten per cent above the base salary; for the second dependent, an extra 20 per cent; for the third dependent, an extra 25 per cent. So an employee could make a top salary of £25,500 (or Can \$39,600).⁴⁶ This salary arrangement was illegal! It contravened the Ontario Human Rights Code -- and all provincial codes -- which stipulate that there can be no discrimination based on family status. Oxfam, in its attempt to be more egalitarian and help people with families, was in fact acting in a discriminatory manner. David Orfald admits that when he started to work there, he put a stop to the practice.

“It was subtle. There was implicit pressure not to hire support staff because of the theory of equality. If a secretary had dependents, she ended up earning far higher than the market rate for a secretary, therefore people ended up doing their own administrative work.”

The organisation is now based on a more corporate model. The executive director is in charge of a team of three -- the manager of programmes, the manager of fundraising and marketing and the manager of organisational support.

Oxfam has a paid staff of 48, split between its national headquarters in Ottawa

⁴⁶ In Canada, in the mid-1990s, this salary was considered high-average for those working in voluntary organisations.

and nine regional offices across the country. Oxfam's 1998 revenue was \$11.7 million (£6.3 million); 60 per cent of Oxfam's funds come from a CIDA grant (like CUSO) and other government grants; donations make up the rest.

Salvation Army

The Salvation Army was founded by William Booth an evangelical preacher in the east end of London in 1865. In 1882 Booth granted a charter to the Salvation Army in Canada.

The Salvation Army is the largest independent social service agency in Canada. It has more than 18,000 employees across the country in 600 divisions such as addiction services, homeless shelters, old age homes, battered women's shelters and palliative care hospices. For the purposes of this research, the Territorial Headquarters in Toronto was studied. It has 125 employees and another 675 in four addiction centres, three homeless shelters, churches and shops across the city. The latest year available for figures is 1996. The Salvation Army's revenue was \$35 million (£19 million).⁴⁷

The organisation uses a functional structure. It has a "quasi-military form of government";⁴⁸ all the 17 department heads at the Territorial headquarters are officers, the equivalent of ordained ministers, who hold rank by a system of seniority and position. Below them are lay people. In the last five years there have been two major strikes at the Salvation Army, one in Victoria and one in Ottawa. Mainly the clash has been between underpaid employees and the boards of trustees who tend to be

⁴⁷ Salvation Army. "You Know Where We Are at Christmas Time." Fundraising enclosure in newspapers Canada-wide, Feb. 1997

⁴⁸ Salvation Army. 1995. *Territorial Headquarters Employees' Handbook*. Toronto.

Salvationists and often officers of the Salvation Army. Though Territorial headquarters in Toronto has no union, about a third of Salvation Army outlets are unionised, particularly the staff at the sheltered workshops, old age homes and clothing depots.

Save the Children - Canada

Like Oxfam and the Salvation Army, Save the Children was imported from the UK. It was founded in 1921 on the principles of the British Save the Children Fund. Over the years Save the Children Canada has varied in its mission from giving emergency aid to children who are victims of war to supporting education for children in developing countries. Today Save the Children Canada helps children with food, health care and education in ten countries around the world.

The organisation has a functionalised structure with a national director, in Toronto, in charge of three programme directors, one of programmes, one for marketing and volunteers and one for finance and administration. These three directors have programme managers and country directors who report to them. There are sixteen employees in Toronto and eight country directors abroad. Save the Children's revenue was \$8.2 million (£4.4 million) in 1996.⁴⁹

Society for the Prevention of Cruelty to Animals (SPCA)

The Saskatoon branch of the provincial SPCA was formed in 1957; in 1994 the SPCA took on the jobs of animal control and pound-keeping (housing strays) for the city. The city of Saskatoon pays an annual fee for services.

The SPCA has nine full-time and ten part-time employees, most of whom are female. There has been a major turnover of staff and a new executive director hired in

⁴⁹ Save the Children - Canada. *Financial Report 1996*. Toronto.

the last five years owing to an acrimonious and lengthy strike for a first collective agreement in 1993. Even with union representation, employees are paid only just above minimum wage. The organisation uses a functional structure, and basically the executive director and her assistant run every aspect of the SPCA, from fundraising to shelter management. In 1998, the SPCA's revenue was \$769,000⁵⁰ (£415,000) nearly two-thirds of which came from a city grant for pound-keeping and animal protection services. Donations and fundraising make up the rest.

In the spring of 2000, the executive director left because of her inability to deal with the board of trustees. The city is toying with the idea of putting the organisation under trusteeship, because there is growing animosity once again between the board and the employees.

United Way of Greater Toronto

The United Way of Greater Toronto is the largest of the 126 member organisations of the United Way of Canada-Centraide Canada. The United Way is a federated fundraising model along the lines of the Community Chests in the United States. Toronto's United Way provides financial assistance to 200 community organisations ranging from refugee resettlement agencies to safe houses for women and children to child care centres.

The United Way has 100 employees year-round, and during the autumn fundraising campaign that number doubles. In this organisation, the professional staff is not in a union but the clerical staff is unionised – the reverse of the situation at the Catholic Children's Aid Society. The organisation is based on a functional structure with an executive director overseeing the work of six vice-presidents who are in charge of departments like publicity, finance and human resources, marketing. The majority of employees are female. The organisation's revenue is \$5.8 million (£31.5

⁵⁰ Saskatoon SPCA 1999 Budget Proposal Brief

million).⁵¹ All revenue is derived from fundraising .

This chapter has explored various aspects of funding, mission and broader organisational forms of the 26 nonprofits in the UK and Canada and has also raised some issues about staffing and human resource management that will be pursued in much more depth in the following two chapters. Chapter Six explores recruitment and selection in voluntary organisations, and tries to connect the structure of voluntary organisations with various aspects of recruitment and selection.

⁵¹ United Way of Greater Toronto. *Annual Report 1998*. Toronto, p. 36

CHAPTER 6 ~ RECRUITMENT AND SELECTION IN VOLUNTARY ORGANISATIONS

As was discussed in Chapter 5, recruitment and selection are key aspects of HRM in the voluntary sector. Though the voluntary organisations in this study tend not to look at HRM strategically, they make great efforts in terms of fairness and equal opportunities in their recruitment and selection processes.

Arguably, they are key to all enterprises, thousands of pages in human resource textbooks and practitioners' guides are devoted to aspects of recruitment and selection. Organisations hire agencies and 'head-hunters' to create useful short-lists of job applicants. Depending on the job, recruiters sometimes administer a battery of psychological, and task-related tests or send candidates to independently-run assessment centres which evaluate them.

In the voluntary sector recruitment and selection are obviously important. Nonprofits, like other organisations, need new employees to replace those who have resigned, retired, been promoted, transferred or dismissed. Many organisations also hire new staff when prompted by technological change or shifting market conditions. Two of the British organisations¹ studied subject prospective employees (at the management or near management level) to psychometric testing at test centres in London. The tests which usually include verbal and numerical reasoning, personality profiling and productive thinking are supposed to pressure candidates to 'think off the top of their head.'

To examine recruitment more fully there is one thing to consider at the outset: it is important to look at where vacancies exist in organisations. For example, Oxfam

¹ Friends of the Earth and The Refugee Council use psychometric testing.

and VSO recruit for overseas posts in their offices abroad and for jobs at home in the UK. For the other voluntary organisations, their recruitment is only to fill vacancies in their London or sometimes a UK satellite office. Some organisations (like Barnardo's) devolve regional recruitment to regional offices. There is also the split in some organisations, like Friends of the Earth and Amnesty, between their research arm and their activist or campaigning arm. This is a critical distinction for organisations which not only educate and carry out research but also campaign for a cause, since the Charities Commission grants charitable status only for organisations not engaged in overtly political work or causes. So with some voluntary organisations which have two distinct functions, people can be recruited to the research arm and then drift into the activist section or they can be hired for one area or the other.

Of course recruiting the 'right' people is not so easy. It is time-consuming and labour intensive. A good recruitment and selection outcome depends on the strategy and professionalism of the human resources officers. The process is often long, involved and has to be monitored to ensure fairness and equal opportunities -- issues of great importance within voluntary organisations. Recruitment and selection in voluntary organisations take on a special significance for four reasons.

First, in the voluntary sector money is usually tight. Financial expenditures are closely scrutinised. Paying an employee who is not doing his or her job adequately means money wasted that could be spent on direct service. Second, in human services, the issues of professionalism and choosing an experienced person for the job are important. As Smith and Lipsky point out,

"The staffs of nonprofit agencies are the new "street-level bureaucrats" ... who exercise discretion while interacting with citizens in the course of their jobs ... whose decisions in assessing, prescribing, and in some

case treating citizens' needs are highly consequential... ” (1993: 13)

Third, voluntary organisations in the UK seem to be in the constant throes of recruitment. Most of the organisations researched have a turnover rate of between twelve and nineteen per cent per annum.² In those with the highest turnover rates, personnel managers complain of recruitment taking too much of their time. Indeed the director of human resources at Oxfam claims to be involved in the recruitment of three new staff every week.³ The human resources manager at Shelter says that their turnover rate of eighteen to nineteen per cent annually means she is recruiting at least one new staff member each week.⁴

Finally, morale is a consideration. Though there is a high degree of altruism among people who work for nonprofits, the jobs can be difficult and thankless. Hiring someone who cannot work effectively with other employees, or someone who undermines other employees or volunteers can be disastrous for a voluntary organisation.

How well do nonprofits recruit and select staff? One method of assessment is to compare actual practices to what are considered 'best' practices, those carried out by top for-profit employers. The prescribed protocol follows several steps. A job analysis is performed, then a job description is drawn up. The job is posted and/or advertised inside and outside the organisation. Applications and resumés are submitted

² Determined through interviews and statistics kept by principal staff in thirteen UK voluntary organisations.

³ Interview with Rhian Cadvan-Jones, head of international human resources, Oxfam-UK.

⁴ Interview with Margaret Bennett, acting human resources manager of Shelter. She adds that for the few positions outside of London, the turnover rate is less, four to five per cent but inside London the rate is about nineteen per cent.

and given a preliminary cull by a junior officer in the personnel department. Often a hiring committee or panel selects a short-list. The people on the short-list are interviewed by the panel which has previously met and prepared questions. There is often a scoring system so that all candidate are assessed according to criteria deemed important. Finally, after consulting, the panel selects the best candidate. Someone checks the person's references and he or she is offered the job.

To what extent do nonprofits follow this protocol? The research reveals two distinct patterns in the two countries: the British organisations follow the protocol much more closely than do the Canadian ones, which frequently take some short-cuts. This chapter will compare recruitment and selection in the selected British and Canadian nonprofits.

1) *Job Analysis*

The first and crucial step in recruitment is job analysis. According to the literature, no job description can properly be written, no job usefully advertised and certainly no candidate hired until management conducts a proper job analysis.

“Job analysis identifies the knowledge, skills, abilities, and other characteristics ... required for each position. It identifies the minimum education, certification, or licensing requirements. A job analysis also identifies the tasks and responsibilities that are essential functions of the job. This information distinguishes the skills that will be needed by the people the agency recruits and hires.” (Pynes 1997: 74)

Job analysis is crucial because it brings together two disparate human resource areas. On the one hand, job analysis helps deal with individual employees. It lays a foundation for recruitment, selection, promotions, transfers, training, appraisal and even discipline. On the other hand, a good job analysis serves the organisation's needs such as organisational development, restructuring, job design, manpower planning and

salary administration. From an industrial relations perspective, the introduction of new technology, and collective bargaining can benefit from the determinations of job analysis (Torrington and Hall 1987: 195).

In the UK, job analysis, especially for white collar jobs, is often based on Rodger's Seven Point Plan which includes: physical makeup (including appearance and speech); education and training; general intelligence; aptitudes (mechanical and verbal skills); personal interests; disposition and family or domestic circumstances (cited in Watson 1989: 188). As Watson explains,

“Rodger formulated his questions so that they relate the demands of the job to the personal characteristics needed for successful performance, emphasising the need for a logical link between job description and personal specification” (*ibid.*).

Watson also has two criticisms of Rodger's points: first there is Rodger's “heavy reliance on [personal] judgement” and second, the questions about family status are certainly prejudicial in this day and age (*ibid.*, p. 189).

How much is job analysis used in the nonprofit sector? In the British voluntary organisations which form this research, ten out of thirteen human resources managers claim to apply job analysis. In contrast, just one of the thirteen Canadian organisations studied relies on job analysis. Though several Canadian personnel managers have some training in human resource management, only one takes job analysis seriously as a precursor to drawing up job descriptions. The rest of Canadian personnel managers avoid job analysis and jump to writing job descriptions. In other words, Canadian nonprofit managers take a ‘short-cut’.

If short-cuts are routinely taken in recruitment and selection in human service work, there can be serious consequences, as the following example illustrates. A 1991

incident at Toronto's Seaton House (not part of the study) reveals that weaknesses -- or short-cuts -- in recruitment, selection and possibly training, played a role in a tragedy. Seaton House is a hostel for 700 transient, homeless men in a very poor area of the city. One resident, aged 28, when provoked by a racial slur became physically violent to fellow residents. Five hostel workers were required to subdue the resident. In the twenty minutes it took until the police arrived, the man asphyxiated under the weight of the workers who pinned him down. An inquest ruled his death had been a homicide,

“meaning that while no one intentionally killed [him], he had expired at the hands of others.” (Livesey 1992).

Quite rightly, a handful of workers at Seaton House took the blame. However, the inquest also revealed that barely trained and inexperienced employees often found themselves confronting violent residents. The situation was exacerbated by limited resources -- cramped space, no lockers, a bed shortage -- and a management determined to secure military-style control of residents and staff alike⁵. Managers at Seaton House probably believed they had hired the ‘right’ workers, tough men able to handle drunk or mentally-ill residents. But in hiring low-waged custodial people with virtually no training, it was almost predictable that a bad situation would turn into a tragedy (Livesey 1997).

This example demonstrates the importance of job analysis, especially in nonprofits which typically deal with sensitive and difficult client groups. An example from a similar voluntary organisation in Britain highlights the differences. St Mungo's

⁵ Lucio and MacKenzie note that in Britain, the under-resourcing of health care services and the “changing sociological circumstances” can lead to violent eruptions amongst clients (1999: 163).

has substantially the same client base as does Seaton House in Toronto. The personnel department at St Mungo's performs job analysis and writes full job descriptions. Every custodial employee is trained to handle mentally ill and/or intoxicated residents. Staff also receive training in suicide prevention. In addition, the organisation no longer hires students to supervise residents during night shifts. The personnel manager, Peter Jackson, discovered the students who attended university in the daytime, used their overnight shifts to sleep. A couple of near disasters, one attempted suicide and one incident in which a resident started a fire, convinced Jackson that no matter how well intentioned, the students could not provide the vigilance needed.⁶

2) *Job Descriptions*

In the study, each of the 26 organisations has written job descriptions, but their quality is not consistent. According to the literature, job descriptions should be an accurate reflection of the work and ought not reflect the prejudices of the supervisor. Job descriptions should include: the duties to be done, the purpose of the job, the standards of work expected and the working conditions (Werther, Davis *et al*: 1990: 151).

In the nonprofits studied, the quality of job descriptions varies greatly. Some are itemised to the last detail, others give a general description of the job and then specify 'and other duties to be assigned.' If a job description is very detailed, it may inhibit initiative. Managers and others in voluntary organisations need to be able to 'spread their wings' a bit in their jobs. If the description is too narrow, it could prevent the enlargement of jobs or not allow for the use of new technologies. On the other

⁶ Interview with Peter Jackson, personnel manager of St Mungo's.

hand, the overly general job description is also a problem. First, the job's duties tend to expand because there may be too few limits set. Second, the employee feels the organisation may take advantage of him or her because any or all duties can be added or subtracted from the job.

On the whole, the British and Canadian organisations in the study handle job descriptions quite differently. Typically, the British organisations mail prospective applicants a comprehensive package including a job description, a personal specification sheet (see below), an application form and orientation materials, like an annual report and brochure about their agency. In Canada, available jobs are loosely described in an advertisement. Applicants are expected to fax or mail in a résumé, or dispatch a letter of application knowing little about the job's particulars or the organisation itself. Though the Canadian organisations claim to have job descriptions for all positions, they are sometimes out of date or not specific enough.

Can any significance be attached to the differences between the two countries? The Canadian organisations do not rely on job analysis and job descriptions the way UK organisations do. Some Canadian organisations are not clear on what they want or need, in terms of personnel. They tend to treat recruitment like a 'cattle call'. In some Canadian nonprofits, there are scores of applications for any position. But only after the executive director or the human resources manager interviews a lot of candidates with a broad range of skills, does he or she begin to identify the specifics of the position the organisation really needs to fill. In a way, this is approaching recruitment backwards. The Canadian research shows recruiters try to fit a job to a candidate, rather than the candidate to the job.

3) *Person Specification Sheet*

All thirteen UK organisations studied use a 'person specification form' or sheet in tandem with a standard application form. On the specification form the candidate explains how his or her experience and training match the requirements of the job. If, for example, there is a media relations position open at a voluntary organisation, the personnel manager or the hiring panel is less interested in the candidate's education *per se*, than in how that education can be used to maximise performance. The candidate is questioned about his or her ability to organise a media campaign, rather than whether or not he or she has a university degree. The only relevant qualification is either experience in media campaigns or an understanding of campaigning work.

In the formerly class-conscious society of Britain, the person specification form serves another purpose. Putting one's education (or lack of it) or one's address on a form could potentially prejudice an applicant's chances, according to the human resources manager at London Lighthouse.⁷ She believes that the questions asked on an application form, by their very nature, could be biased against an applicant who, but for formal education, might be quite capable of performing the job. Questions such as where a candidate went to school, the date of birth,⁸ the candidate's home address (perhaps a known council estate address) and a telephone number (some job seekers in the UK do not have telephones) could, the human resources manager believes, bring out subconscious prejudice.

Her solution is to give the interview panel *only* the completed person

⁷ From an interview with Britt Haggard, director of human resources at London Lighthouse.

⁸ In the UK, employers are permitted to discriminate on the basis of age. In Canada this type of discrimination is illegal.

specification sheets, not the application forms. She also believes sending an applicant's cover letter could betray a low level of literacy or bad writing skills which could further bias a panel. So she sends only the person specification sheet, believing it will put all the candidates on a similar footing.

Not all personnel managers are as circumspect. The human resources manager at VSO criticises her colleague's technique as "quite a purist view" and "a left-wing thing."⁹ She believes that the more information the interviewing panel has, the better assessment they can make. She dismisses the notions that social class and education affect hiring and points out that, in any event, discrimination on the basis of social class and education is not illegal. However discrimination on illegal grounds such as race and gender is a concern to her -- and fellow recruiters in the UK organisations studied.

But the human resources manager at London Lighthouse argues that she makes an effort to implement, rather than just paying lip-service to, her organisation's policy of equal opportunities. Her organisation, as do some of the others, assist applicants with filling in the forms if the person has literacy problems. Amnesty offers to send out information packets and receive completed applications on audio-tape for those with impaired vision,¹⁰ in compliance with their equal opportunities policy.

In Canada, not one of the organisations in the research uses a personal specification form. Recruiters rely on candidates submitting two or three of: letters of application, resumes and application forms. Sometimes advertisements request letters of reference as well. But for Canadian recruiters and candidates, it is really 'going

⁹ Interview with Kathy Moore, personnel manager, VSO.

¹⁰ Interview with Alison McGrand, personnel officer, industrial relations at Amnesty.

blind' – the recruiter might compare the completed applications to the requirements set out in the advertisement, which often carry the only specifics about the job the candidate is able to address.

4) *Advertising*

The final area to be explored is job advertising. British and Canadian nonprofits studied have very different approaches to advertising. Before looking at how nonprofits advertise, there are two considerations. The first is that it is not always necessary to fill a job with a permanent employee. More and more organisations of all types are trying to cut their workforces and make do with fewer employees. There are at least three means employers utilise to evade recruiting new staff. One way is to reorganise the work, essentially dividing the work between fewer employees. A subset of that is contracting out the most repetitive and least rewarding jobs. Atkinson (1984) describes the 'flexible firm' made up of core and peripheral workers. Core employees are the ones with 'good' jobs, better pay, hours and benefits and the possibility of promotion. Peripheral employees are divided into two groups: those who have some skills but no career potential with the employer and those who have few job skills or are on job training schemes. Core employees are valued and peripheral employees on contract or restricted hours may be expendable.

A second way of avoiding hiring is to stagger employees' hours, so there is more coverage or more shifts. A third way is to turn a job from full-time to part-time. This has the effect of perhaps short-circuiting a recruitment process and placing a part-time person in the job. British nonprofits do not generally adhere to Atkinson's model of core and peripheral employees. But some Canadian organisations rely more on part-time and contract workers. For example, in Canadian organisations, fundraising

work is often contracted out to telemarketing firms which hire people to solicit donations by phone. In contrast, in Britain, virtually all fundraising is organised in-house by full-time paid staff. The research shows part-time jobs, short-term contracts and 'job shares' are quite common in Canada, though not the norm in the UK.¹¹

Another consideration is labour markets. Nonprofits operate in the same labour markets as other organisations, but there are national differences. In Canada, there is one national English-language daily¹² which advertises management or the more uniquely skilled jobs -- the *Globe and Mail*. Part of the reason is that the country is so large, if a job is nationally advertised it may involve a cross-country move for the candidate. Other jobs are advertised in the city or a local newspaper. In the UK, virtually all skilled jobs are advertised in the national press. The local newspapers are reserved for clerical or support jobs.

How does advertising operate in UK nonprofits? Critical to their advertising strategy is casting the net as wide as possible to give every applicant the same opportunity for the job. British human resources managers stressed that giving priority to internal candidates who applied for a promotion or a transfer would compromise equal opportunities' policies. So what does this mean practically?

First, UK organisations advertise professional positions in Wednesday's "Society" section of *The Guardian*. Secretarial jobs are frequently advertised in the *London Standard*. Some organisations have a policy of advertising in at least one

¹¹ Amongst the Canadian organisations studied, on average 36 per cent of employees are part-time. British organisations less than fifteen per cent of employees are part-time.

¹² In 1998, newspaper magnate Conrad Black launched a second national Canadian daily, *The National Post*. It has fewer career advertisements than *The Globe and Mail*.

'alternative' newspaper, such as *The Pink* (a gay and lesbian publication), or *The Voice* (for the black community). But for some nonprofits, advertising in the national press are a very big expense. Advertising in the ethnic press, according to some, is not warranted because every serious job-hunter looks in *The Guardian*. As the personnel manager of Friends of the Earth says,

“We never advertise in *The Voice*, *Asian Times* or *The Pink*, because everyone looks in *The Guardian*. They have the stranglehold in the market. My experience in [her previous job] is that we advertised in *The Guardian* and the *Gujerati Times*. It didn't result in good quality candidates from the *Gujerati Times*. Occasionally we advertise in the *New Statesman* or professional journals like *IT* or *Computing World*.”¹³

Nonprofits seldom go to the expense of advertising in *The Guardian* for lower level and secretarial jobs. Instead they advertise in local free advertising sheets, local community newspapers, and by word of mouth, or they post notices at [government] Job Centres. Human resource managers believe clerical jobs are not significantly different in the nonprofit sector from those in other sectors and so are not as choosy about applicants.

There are two problems in casting a wide net. First, the sheer volume of replies means several nonprofits are forced to hire agencies which place the ads then collect and sort through the responses. Second, despite placing the ads in the national press, the labour market is still quite small. As one human resources director says,

“We operate in a self-perpetuating segment, in a small labour market. We are not looking purely for skills. It's very, very important to have the right attitudes and commitment to the cause. For instance we were searching for a finance director and we interviewed a person from the City [meaning the banking and commerce world] whom we wanted to place in senior management. We asked him to explain what conditions refugees face. He said, 'Well maybe they've never seen tall buildings

¹³ Interview with Carol Hughes, personnel and training manager, Friends of the Earth.

before!" People put in a cursory c.v. and feel we have to give them the job. They do not address the job description."¹⁴

When questioned about advertising internally, to their own employees, all of the UK nonprofits say they post the jobs on bulletin boards and sometimes send the details around the organisation and fraternal organisations by e-mail. However no one receives special treatment because they are internal applicants.¹⁵

This is quite different from the situation in Canada. Every Canadian organisation studied gives preference to internal applicants. Five of the 13 nonprofits are unionised and their collective agreements call for jobs to be posted on the union/management bulletin boards for a period of time before being publicly advertised. As is the case in Canadian unionised workplaces, the key criterion for an internal candidate landing the job (or promotion or transfer) is his or her seniority.

The Canadian obligation to hire from within is not restricted to unionised employers. The idea is that once someone has already been hired and become permanent staff (usually by working one's way through a probationary period), equal opportunities are best served by narrowing the competition, rather than by expanding it. So what in the UK is seen as preferential treatment and thwarting equal opportunities, is seen in Canada as a way of helping staff to advance their careers.

Having noted the differences in recruitment and selection in both countries, how can it be explained? There are two overall points to make. In part, the presence of a trained human resources manager could account for it. Of the thirteen British

¹⁴ Interview with John Sunderland, director of human resources, The Refugee Council

¹⁵ There is one exception: the Terrence Higgins Trust which gives preference to internal applicants. See Ch. 7 for more on this.

organisations studied, ten have trained human resources managers or officers who have taken university level classes in human resource management. Nine have the IPD (Institute of Personnel Development) designation (see Figures 6.1, 6.2 at end of chapter). This is a professional designation for a human resources manager; typically a candidate has to have taken a certain number of relevant courses along with at least two years of on-the-job personnel experience to receive the IPD designation.

In Canada, only six Canadian HR managers have relevant university degrees and three of them also have the Canadian equivalent – the CHRP (Canadian Human Resources Professional certification) (See Figure 6.2). The CHRP is a relatively new professional qualification, not yet accessible in all provinces. Even discounting the CHRP designation, it is clear that Canadian HRM managers have less education and training in the area of human resources than their British counterparts. The Canadian organisations, with some exceptions, tend to fly more ‘by the seat of their pants’ than the British ones. The second point about how recruitment is handled in both countries has to do with the size of the organisation. This is a frequent refrain in this thesis, but size really does count. In Britain everything is highly centralised, in terms of recruitment and selection; even advertising is done centrally. But in Canada, the problem of decentralisation means that many organisations are smaller, operate with a smaller number of staff and have fewer hirings and less experience with personnel issues. Figure 6.3 (at end of chapter) shows how and where the selected organisations advertise jobs and it is clear that British organisations look to a national marketplace, while Canadian ones look to local ones. It is the lack of comprehensiveness in Canadian organisations which affects recruitment.

5) *Equal Opportunities*

This leads into the area of equal opportunities, as it is called in the UK, and employment equity, as it is known in Canada. How do equal opportunities affect recruitment and selection? There are four points which can be made. First, historically, many organisations paid little attention to equity issues and considered only the ‘best’ candidates for the job. Yet prejudice and subjective feelings clearly influenced who was hired, with the result that many organisations (including nonprofits) had predominantly white workforces – especially at senior levels – and male managers. Even today, recruiters unaware of or without equal opportunities policies tend to hire whom they have always hired, which often precludes people of colour or women in management.

Second, since a core function of human resources management is recruitment and selection, there needs to be a conscious effort made by recruiters to place candidates – irrespective of their race or gender – on an equal footing. Third, for organisations to be successful today, there needs to be diversity within the workforce because it is an accurate reflection of both Canadian and British society and also because

“...productivity is improved because the work environment is supportive and nurturing The successful management of diversity leads to enhanced interpersonal communication among employees, responsiveness to social and demographic changes, a reduction in equal employment litigation, and a climate of fairness and equity.” (Pynes 1997: 43)

Finally, given the altruistic *raison d’être* of nonprofit organisations, one might expect a higher commitment and a greater drive toward equity. But as Dickens points out,

“The existence of an EO [equal opportunities] statement or policy (and not all organisations recognise the difference) says little about what is actually happening in the organisation. Adoption of a policy may have little impact even at the minimal level of awareness of the policy.”

(1989: 256)

The issue of equal opportunities is an important one, at least theoretically, to recruiters in almost all of the nonprofit organisations studied, on both sides of the Atlantic and a policy seems to be a basic first step. Each Canadian organisation studied has an equity statement or policy, or a 'diversity' programme which attempts to acquaint staff with equity issues. However, though human resources managers agree that they want to diversify their workforce, their practice seems patchy.

For instance, the personnel manager of a Canadian human rights organisation concedes, "We look at employment equity and we try to practice it but we have no targets." By this he means the organisation has no plan or goal for attracting minority employees, though eight per cent of employees are visible minorities. Another director of human resources explains,

"Our staff is very white and very female. Five staff are visible minorities. There are no aboriginals, and no disabled employees."¹⁶

Each of the British nonprofits studied, except one, has a policy and claims to implement recruitment practices which focus on visible minorities, women, gays and lesbians. The first step these organisations take is to create a workable policy and educate the employees about it. One UK organisation has no equal opportunities policy. Its accountant, who also acts as personnel manager, believes that rules are too restrictive and that he can manage equal opportunities without them:

"I haven't encouraged us to get the balance – between ethnics and females – quite right. But I'm confident colour of skin doesn't enter into recruitment. We're still small enough for me to know who I work with

¹⁶ Five out of 81, or six per cent of the employees are visible minorities. Interview with Gabrielle Bochynek, director of human resources and operations, Casey House

and know they do the recruitment well.”¹⁷

But the statistics he keeps tell another story, a story similar to what is found in the other voluntary organisations surveyed. In his organisation, two-thirds of the employees are women. Yet the women are concentrated in the administrative and support jobs. There are a disproportionate number of men in management. He justifies the staffing complement by explaining that the organisation hires a lot of nurses, who tend to be female. But his, like other organisations, have a vast majority of female employees,¹⁸ though relatively few in management.¹⁹ Though he keeps no records on ethnic or racial numbers, he admits there is not one non-white person on staff. This is despite the fact that

“ethnic minority women are more likely than white women to work in the medical and health services...” (Dickens 1989: 258).

In the UK, attempts to implement equal opportunities are constrained by legislation and by practice. UK law makes a distinction between ‘positive action’ (which is legal) and ‘positive discrimination’ (which is not legal). This means that employers can aim their advertisements at certain target groups (women, visible minorities, or the disabled) but they cannot discriminate in favour of any one group in hiring. To conform to the law, the British nonprofits in the research do two things:

¹⁷ Interview with Adrian Poffley, personnel director, National Asthma Campaign.

¹⁸ In this research, on average, 77 per cent of employees in the Canadian organisations and 63 per cent in the UK organisations are female. In terms of managers, in both countries more than 75 per cent of the managers of these voluntary organisations are male.

¹⁹ Steinberg and Jacobs (1994) support the idea that in the voluntary sector, occupations are divided along gender lines. They also say that some voluntary organisations are dominated by an elite male power structure.

they place job advertisements in ethnic or minority publications and they monitor applicants.

The second stage for UK organisations involves monitoring applicants. The human resources department or manager asks job applicants to fill in a monitoring form which is usually included in the job application packets. The form monitors race, sex and disability of the applicant, but there is no obligation to fill it in. Generally, when the forms are returned with applications, they are detached and placed in a separate file for evaluation. Though the forms are meant to be anonymous, at least two organisations ask candidates at the interview to fill in the monitoring forms on the spot. The forms request candidates to identify if they are Asian, Afro-American, Afro-Caribbean, or tick an applicable box. But a problem arises if a black, born in Britain, identifies herself simply as 'British'. Yet even with the monitoring process in place in twelve out of thirteen organisations surveyed, the overwhelming number of employees are Caucasian. One exception is VSO, which boasts fifteen per cent of their administrative staff are non-Caucasian. This, according to the personnel manager, is representative of the ethnic/racial composition of London.²⁰

On the other hand, the last time Amnesty International's personnel department took a 'workforce audit' -- a snapshot of who was on staff on a given day -- it was back in 1995.²¹

"We found the majority of the workforce is white and able-bodied between ages 25 and 45. Staff at lower grades are more representative of people in London than in upper grades. ... We removed sexual orientation questions since people in other places [different cultures]

²⁰ Interview with Kathy Moore, personnel manager, VSO.

²¹ Interview with Alison McGrand at Amnesty.

resent it; it offended. We are looking at cultural diversity here in London but it's more complicated with an international organisation. After all, the majority of the world's population are Asian!"²²

So in both VSO and Amnesty staff at lower grades are more likely to be visible minorities than in higher grades. Is that because visible minorities have fewer skills, less ambition than Caucasians, or is it something to do with systemic discrimination? Consider the case of St Mungo's.

St Mungo's is an organisation with 290 employees. The personnel department sends out EO (equal opportunities) monitoring forms in an effort to check up on applicants' race and gender. A staff member then takes the forms and compares them first to those short-listed and then to the person selected for the job. Despite tracking the forms there is a problem.

"We are only attracting limited numbers of Asians, so we advertise in the *Asian Times* and the *Caribbean Times*. Twenty percent of our applicants overall are Irish, yet 40 per cent of successful applicants are Irish. So Afro-Caribbeans have a low success rate in getting jobs here. Why? Are we biased?"²³

From Jackson's perspective, Irish people seem to want to do this sort of work. They choose to be cooks, cleaners and warders for the homeless. Many arrive with custodial experience from other institutions. Perhaps they are seen as responsible and hardworking; perhaps they are favoured because many of the residents are also of Irish descent. However, the manager is struggling to discover why nearly half of the staff at the shelters are Irish, and very few blacks 'work out' in the long term.²⁴

In Canada, it is important to note that state-sanctioned affirmative action was

²² *Ibid.*

²³ From an interview with Peter Jackson, personnel manager, St Mungo's.

²⁴ *Ibid.*

shelved in Ontario in 1995. At that time the newly elected Conservative government rescinded the legislation which had established a commission to oversee implementing employment equity province-wide. The Job Quotas Repeal Act demanded that employers destroy any information they had collected under the previous Employment Equity Act.²⁵ Subsequently, the only legal sanction employers face is a finding of discrimination by the Ontario Human Rights Commission, as a result of a complaint.²⁶

One human resources manager admits that given the legislation prohibiting it, affirmative hiring would be very difficult to implement. Even before the law changed, only two of the eleven Ontario-based organisations surveyed had recruitment targets for visible minorities, women or the disabled.

However implementing targets did create more diversity in at least one organisation. In Oxfam an employment equity clause in the trade union's collective agreement meant the organisation advertised itself as an employment equity employer and established targets. The director of human resources says,

²⁵ *Human Resource Management in Canada: Bulletin 152*: Oct. 1995 published by Prentice-Hall Canada, page 5.

²⁶ Most provincial human rights commissions have the right to grant exemptions from the anti-discrimination provisions of their human rights codes. The exemption entitles an employer to advertise a job is open only to only specific groups of applicants. Generally, these are applicants from one or more designated minority groups (in Saskatchewan the four designated groups are 1. Women in non-traditional jobs, 2. aboriginal people, 3. disabled people, 4. visible minorities). The Saskatchewan Human Rights Commission granted an exemption to a provincial health district to enable the hiring of three male attendants to assist male residents of a nursing home. The union appealed the matter to the courts, claiming that all hiring should be on the basis of merit, not gender. There were already 17 care aides at the nursing home who were female. The judge said the Commission's decision to grant the exemption was both reasonable and correct since it enhanced the dignity of male residents of the care facility to have their personal needs looked after by a person of their own sex (Saskatchewan Human Rights Commission 1997: 4)

“We’ve gone from two people of colour out of 50 [employees] to twelve out of 48. Twenty-five per cent of our workforce are openly gay or are visible minorities. But we have no aboriginals and no disabled.”²⁷

A similar problem with self-identification applies to the disabled. Identifying oneself as disabled depends on the applicant’s point of view and thus does not always achieve the anticipated results. People tend not to identify their disability or ethnicity if they see it as disadvantageous in the labour market. Some people, understandably, distrust the confidentiality of the monitoring process.

What action can be taken as a result of the monitoring in the UK is limited. One difficulty is, what happens to the forms once they are returned by the applicants? In ten out of twelve organisations the personnel department does very little with the forms.²⁸ Most organisations claim they do not have the manpower to keep on top of their statistics; they are trying to buy computer programmes to assist in this. Some organisations do use the information on the monitoring forms to direct job advertising to the ethnic press especially. Human resources managers point out that positive action, as defined in the Race Relations Act (Section 52D), does not mean positive discrimination. So advertising is one of the only ways to attempt to diversify the workforce by targeting women, racial minorities, gays or lesbians for jobs. Affirmative action or employment equity plans, as they are known in Canada, are forbidden by law.

In Canada, it falls to provincial human rights commissions to implement equity on a case by case and complaints-driven basis. One nonprofit in the study, the Community Clinic in Saskatoon, has voluntarily filed an employment equity plan with

²⁷ Interview with David Orfald, director of human resources, Oxfam

²⁸ The thirteenth organisation has no forms.

the Saskatchewan Human Rights Commission.²⁹ The plan calls for hiring more aboriginal (Canadian Indian), visible minority and disabled employees and also women for management or non-traditional jobs. There are three problems with the plan. First, it cannot be legally enforced -- see footnote 29 above. The second problem is that there is no way of obliging candidates to self-identify. As mentioned earlier, in both the UK and Canada, people do not have to respond to monitoring forms, and if they do, they do not need to identify themselves as a member of a minority. The third problem involves the trade union which represents the employees and the classic Canadian clash between equity and seniority. For example, the Saskatoon Community Clinic needed a receptionist for a satellite office which serves a predominantly aboriginal clientele. According to the employment equity plan, the Clinic should seek a qualified aboriginal candidate. But according to the collective agreement with the union, the job first had to be advertised internally, within the organisation. Part-time workers bid for the full-time receptionist job, so the union insisted the vacancy be filled by an internal (non-equity) candidate; a person who had seniority.

Overall, then, in both the UK and Canada, nonprofits have problems in implementing employment equity. There seem to be two main causes: legislation and positioning equity on the human resources agenda. Both countries have legislation

²⁹ In Saskatchewan, there is no pro-active employment equity law. But as a result of a job applicant or employee making a successful complaint about discrimination to the Sask. Human Rights Commission (SHRC), an employer may be required to formulate an employment equity plan under the direction of the SHRC. The plan usually includes targets or quotas for increased minority hirings. The catch is, though the SHRC can monitor the equity plan, it has no legal authority to enforce the plan or its quotas.

which prohibits discrimination based on gender, disability and race.³⁰ Though the laws forbid some forms of discrimination, there is nothing in the law to promote the implementation of equity. In the UK, the Race Relations Act, the Sex Discrimination Act and the Disabilities Rights Act, are complaint-driven. The same is true for Canada under the provincial or federal human rights codes. There is one difference: in Ontario, from 1991-1995, the legal environment fostered equity. When the law was revoked, a backlash ensued. The backlash has two effects: it precludes any new progressive equity legislation and it also pushes equity off the employment agenda. Without government backing, voluntary compliance is all that remains.

In summary, this chapter has explored some of the steps in recruitment and selection within the selected British and Canadian voluntary organisations. In comparing 'best practice' with the actual practices in these organisations, it is clear that British nonprofits tend to follow a step-by-step procedure, while Canadian organisations rarely do. The research reveals that the British nonprofits routinely conduct job analysis, complete job descriptions and utilise person specification sheets. Their Canadian counterparts usually skip – or skimp on – one or more of these procedures. There are a number of reasons suggested which might account for the differences. First, there is the size of the organisation. Figure 1.3 shows that Canadian organisations overall are much smaller than British ones and have far fewer employees. Size also affects the level of skills or professionalism in recruitment. Figure 6.1 shows that only two of the thirteen Canadian HR managers have attained a combined level of education and/or training equal to the IPD requirements. In the UK, nine out of thirteen

³⁰ In all Canadian jurisdictions, but not in Britain, the law goes a step further and prevents discrimination on the basis of sexual orientation.

do.

Whether it is done well or not, there may be another problem with the traditional approach to recruitment and selection. Newell and Shackleton contend that the 'psychometric' approach or traditional way of conducting recruitment and selection may leave prospective employees disaffected (2000: 131). Recruitment is frequently seen as a process of trying to attract the best person to fit the organisation's requirements. This is termed the 'glossy' approach (*ibid.*, p.131) because its purpose is to embroider the image of the organisation and promise career satisfaction for the candidate. Candidates are rarely told the truth about their actual chances of promotion and so on. The authors suggest a new approach called an 'exchange perspective' ought to be applied, so candidates have a good idea of where the organisation is headed, their own prospects for promotion and other information to determine if they want to work there. In a way this is a form of 'full disclosure' which would go a long way to cutting down on turnover and other problems.

The final areas the chapter focused on advertising and equal opportunities policies and procedures used in recruitment. Research reveals British organisations endeavour to cast as wide a net as possible when recruiting; they believe equal opportunities are best served by giving external and internal candidates the same opportunities. On the other hand, Canadian organisations tend to favour internal candidates and existing employees with seniority when recruiting. There was not one of the thirteen Canadian voluntary organisations which did not favour internal candidates for new jobs, which is in marked contrast to the pattern in Britain. In terms of equal opportunities, UK law prohibits any employer from 'positive discrimination' which would result in hiring more women or racial minorities. In the

federal and some provincial jurisdictions (like Saskatchewan), employment equity is encouraged. This means that employers can make a plan to hire minorities, the handicapped and women and, once approved by the human rights commission, can hire only from those target groups. In some other Canadian jurisdictions this is also the case, but provincial human rights commissions counter-balance this by taking on cases of discrimination and forcing employers to hire women and minority candidates.

The next chapter explores training, appraisal and promotion which are influenced by how organisations recruit and select staff. Chapter Seven will also examine two other human resources areas, discipline and compensation.

Figure 6.1

Education and Training of HR Managers in the Study, UK and Canada .

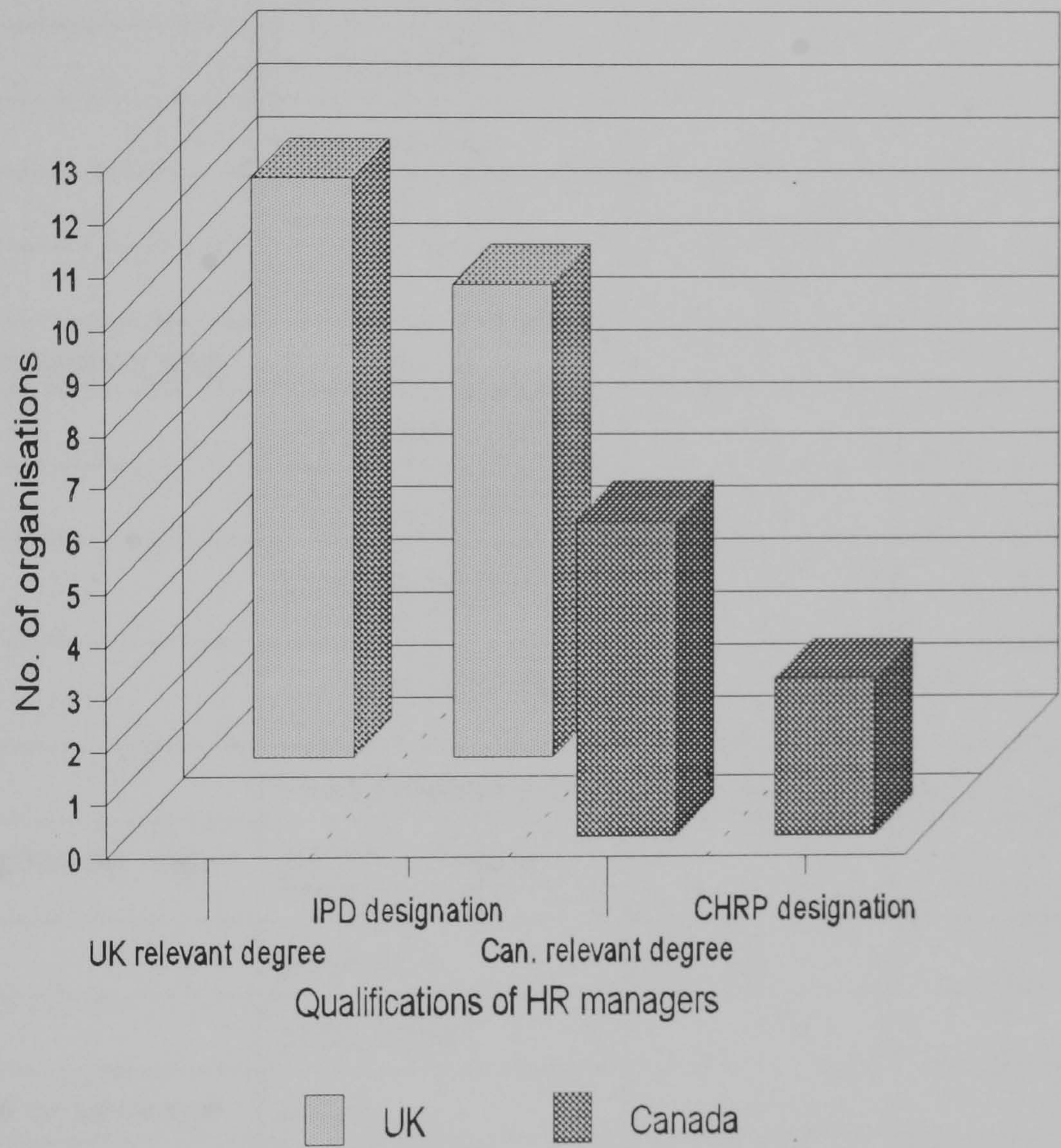


Figure 6.2 Education Level or Training of HR Manager or the Person in Charge of HR in Selected Organisations

<i>Category</i>	<i>Organisation</i>	<i>Relevant Univ degree/diploma</i>	<i>Designation (CHRP for Canada or IPD for the UK)</i>
<i>dedicated to foreign aid</i>	Amnesty International	x	--
	CUSO	—	--
	OXFAM	—	--
	Save the Children	x	--
	Amnesty Int'l	y	y
	Christian Aid	y	y
	Oxfam	y	y
	VSO	—	y
<i>medical/ hospice orgs</i>	Casey House	x	x
	Community Clinic	--	--
	Lung Association	--	x *
	National Asthma Campaign	y	--
	Terrence Higgins Trust	--	y
	London Lighthouse	y	y
<i>housing/shelter orgs</i>	Canadian Housing Fed'n	--	---
	Shelter	y	y
	St Mungo's	—	--
<i>local aid or advocacy</i>	SPCA	x	--
	United Way	x	--
	Catholic Childrens Aid	x	x
	Salvation Army	—	x
	Can. Medical Ass'n	—	--
	Friends of the Earth	y	y
	NACAB	—	y *
	Barnardos	y	y
	Refugee Council	y	y

Note: British organisations are in bold.

* means the executive director or personnel manager is working toward IPD designation. Relevant Univ. or college degree is debatable, but a commerce, administration or HRM degree is what is meant. In the case of St Mungo's, the manager has years of experience but no formal qualifications.

CHAPTER 7 ~ OTHER ASPECTS OF HRM IN SELECTED VOLUNTARY ORGANISATIONS

The previous chapter looked at recruitment and selection. In the empirical work on human resource management in the 26 organisations, it was possible to compare recruitment and selection fairly systematically because each organisation kept good records of its procedures. There was less comprehensive data on other aspects of human resources; not least because of the size of the organisations. Only the largest organisations kept records or had specialist human resource managers. The smaller organisations, especially in Canada, tended to ‘fly by the seat of their pants’. This chapter reviews human resource issues which are greatly influenced by recruitment and selection, namely training, appraisal and promotion, and those distinct from recruitment and selection – discipline and compensation.

I Training

Training and staff development in UK organisations seem to be directed toward improving technical skills of employees – to make organisations more ‘efficient’. Training in Canadian organisations tends to be more organic. Perhaps a reason for this disparity is rooted in the debate about whether nonprofit management is more influenced by practices in the public or the for-profit sector. The debate is more muted in Canada because Canadian voluntary organisation, unlike British ones, have not historically aligned themselves very closely with the statutory sector¹ but more with the for-profit sector.

What exactly is meant by training? Training, according to the literature, serves two purposes: first, to improve the skills of employees to enable the organisation to

¹ Some reasons for this are given in Chapters 3 and 4.

achieve its goals, and second, to help motivate employees (Milkovitch, Glueck *et al* 1988: 444). It seems that the British voluntary organisations studied want to improve their staffs' skills, and the Canadian organisations care more about motivating their staff. Pynes combines the ideas of skills upgrading with motivation.

“[Training] programs may be focused on improving an individual's level of self-awareness, increasing an individual's competence in one or more areas of expertise, or increasing an individuals' motivation to perform his or her job well.” (1997: 205)

Figure 7.1 (next page) lends credence to this point. Nine of the thirteen Canadian organisations support employees taking higher education, while only two of the British organisations do (see Figure 7.2). Canadian nonprofits seem to encourage employees to obtain more education and that education is not necessarily tied to job training or career. Three examples come to mind. The personnel manager at Amnesty Canada, an accountant by trade, has taken two university-level social work courses ‘for fun’.² The HR director at Casey House who has a college diploma, is now pursuing a bachelor's degree in sociology at university -- paid for by her employer.³ She insists that the organisation is justified in spending its professional development funds on bursaries and time off with pay (if necessary) to employees seeking education that is not strictly job-related. After all, she says with a smile, “How many job-related courses can a housekeeper take?” Third, at CHF, the human resources specialist suggests funding employee education in any field is reasonable as it equips staff for a

² Interview with Bob Baker, director of finance, Amnesty-Canada.

³ Interview with Gabrielle Bochynek, director of human resources and operations, Casey House.

Figure 7.1 Education and Training in Selected Canadian Voluntary Organisations

<i>Organisation</i>	<i>IT</i>	<i>Prof'l course</i>	<i>College/ Univ.</i>	<i>Other</i>
Amnesty	X	X	X	up to \$600 per yr for any course. Can be unrelated to job.
Cath. Children's Aid		X		—
Casey House		X	X	bursary for courses not job related. Org pays 50% of fees to max. of \$500 - care for the caregiver courses, health and safety
CHF	X		X	French language tr'g supplied also org pays up to \$700 for univ courses taken on own time
CMA	X		X	pays tuition fees for pre approved course
Comm Clinic		X	X	occasional only
CUSO		X	X	\$400 per employee for any course at all
Lung				will give time off if someone takes a course
OXFAM	X			volunteers train staff in computers
Salvation Army			X	will pay 100% of costs of education as long as job related. Then person must agree to stay at org for one year.
Save the Children Fund				
SPCA	X			
United Way	X		X	will refund 2/3 of tuition if course is relevant to job or for promotional opportunity

Figure 7.2 Education and Training in Selected British Voluntary Organisations

<i>Organisation</i>	<i>IT</i>	<i>Prof'l course</i>	<i>College/ univ course</i>	<i>Other</i>
Amnesty	X	X		TV and media skills
Asthma		X		
Barnardo's			X	to help with next job, not successor job
Christian Aid				no reply
FOE		X	X	train the trainers, recruitment and selection course
THT	X	X	X	equal opp. Course, IPD if necessary for job, also paralegal training if necessary for job
London Lighthouse		X		lifting and handling patients course, counselling course. Will loan money for fees and give time off for education related to job, like the IPD qualification
NACAB		X		will help pay for the IPD qualification, will not pay for higher education
Oxfam				no reply
Refugee				TV and media course, train the trainer, recruitment and selection course
St Mungo's	X	X		Coping with violence course, mental health skills course. Help for staff to obtain certificate from institute of housing and other specialist designations
Shelter	X			EOP training, recruitment and selection training. Refunds 50% of fees if course is relevant to job, like a diploma in housing. 15 days paid study leave per yr.
VSO		X		Assertiveness Training, recruitment and selection, and basic health and safety courses. Will pay for IPD or other relevant course, esp. a master's level course in a management discipline for field staff

future job. She calls it “a bit of an incentive, in case of layoffs.”⁴

British organisations do not see training employees for a different or better job as their responsibility. Though some are willing to pay for education beyond what the employees already have, “the idea is to train for the next job, not successor jobs.”⁵ Barnardo’s will pay the fees and allow time release for employees to complete the Bachelor of Technology, or a Higher National Diploma (HND) through a college programme, as long as the qualification will assist in their job, or the next higher job within the organisation. Friends of the Earth do not usually send employees on university courses, but at least one management staffer convinced the organisation to pay the costs of a post-graduate diploma, though that is seen as a one-off and confidential deal. Christian Aid used to send staff to college to obtain a credential in a second language, but that became too time-consuming. The problem for Barnardo’s, FOE and Christian Aid is the time involved in releasing employees for long-term courses.

In British organisations there is the idea that if employees go to classes and study during working hours, they are paid to do so. In Canadian organisations, though tuition fees are usually paid by the employers, staff are expected to take classes in their own time, after work. Four Canadian organisations offer each staff member between \$400 and \$700 (£200 to £400) per year as a subsidy toward any university course. And two organisations offer three to ten days’ study leave, with pay.

⁴ Interview with Christine Séguin, administrative assistant, Cooperative Housing Federation (CHF).

⁵ From an interview with Jasviar Boyal, director of personnel, Barnardo’s in the West Midlands.

But British organisations are loath to send people outside the organisation for training or personal development. The British research reveals a frequent refrain by HR managers: “We are always aware that this is all paid for by the movement”⁶ or that they are trying to make the organisation more “customer-centred”⁷ which is shorthand for spending funds on the organisation’s mission, rather than paying for non job-specific education. The British organisations tend to divide the courses which enhance skills to support the organisation’s policy from those which enhance an individual employee’s worth. This is true of organisations like Shelter, London Lighthouse and Terrence Higgins Trust. These three organisations are relatively young and dependent on advocacy and teamwork, rather than catering to individualism .

On the other hand, British organisations are keen to use their training budgets to fund education which leads to a professional qualification, such as the IPD for personnel staff,⁸ or the housing accreditation certificate mentioned by HR managers at St Mungo’s or Shelter.⁹ One Canadian agency, Catholic Children’s Aid, does send their HR staff to obtain the Human Resources Professional – Ontario (HRPO) certificate. But overall, training in British organisations tends to be more skills-specific rather than ‘organic’ which seems to be the case in the Canadian organisations.

This could reflect two things: first, overall the Canadian research shows that

⁶ Interview with Alison McGrand, personnel officer, Amnesty International Secretariat.

⁷ Interview with John Sunderland, director of human resources, Refugee Council.

⁸ IPD: Institute of Personnel Development, the UK designation for HR managers who have passed a number of courses and usually have job experience in personnel.

⁹ Separate interviews with Peter Jackson, personnel manager, St Mungo’s and Margaret Bennett, acting human resources manager, Shelter.

people in charge of HR in voluntary organisations are less trained and experienced than their British counterparts.¹⁰ Still the Canadians are managing their organisations' human resources successfully, in their view, without an academic or practical background. Therefore they may be less concerned with others on staff receiving education for a specific job. Second, overall there is a lack of professionalism in Canadian nonprofits which springs from a combination of small size¹¹ and a perception that there is a lack of permanence within their organisations and the sector as a whole. This perception of impermanence may be attributable to two causes: first, the fact that on average 56 per cent of Canadian voluntary organisations' revenues come directly through grants from one level or more of government (Sharpe 1994: 19). This means if there is a change of government in a given province,¹² for example, or a change in policy,¹³ funding could evaporate and organisations close, or at least be forced to lay off some of their employees. Second, the small size of the organisations often means they are sometimes subsumed by a statutory body¹⁴ or fail to attract the donations to remain viable and have to close. Either of these scenarios can mean job losses for those previously employed by the organisation. Of course the perceived (or real)

¹⁰ See Ch. 6, especially Figures 6:2 and 6:3.

¹¹ Small size is due to the three tiers of government in Canada -- federal, provincial and municipal. Also the fact that Canada has roughly half the UK population.

¹² In fact the provinces provide 84 per cent of all the government funds to nonprofits (see Sharpe 1994: 19-20).

¹³ See Ferner (1985) in relation to change in government policy and its impact on management and industrial relations.

¹⁴ Eisenstadt and Dartington (1993) write about this. A good example is the Saskatoon District Health board which now encompasses every health agency in the city. Before several nursing homes were independently-run, but provincially-funded. Now they are all part of the local health authority.

threat of impermanence can be a self-fulfilling prophecy: Canadian organisations tend to stay small, isolated and competitive with one another. Though some organisations encourage broadening employees skills in an effort to prepare staff for layoffs, the three smallest Canadian organisations have no training budgets at all.

In terms of internal or in-house training, information technology (IT) training is ubiquitous and half the UK and Canadian organisations sponsor courses in computer spreadsheets, word processing, and building databases. A few organisations send their staff outside the organisation for this kind of training, and one – Oxfam Canada – asks their volunteers to train paid staff in IT. The fact that many organisations provide this training is of course seen as mainly a benefit to the organisation. After IT training, employees at higher levels should have the ability to do their own typing and even accounting work, thus lessening the need for purely clerical staff. This dovetails with the pressures on progressive managers to more actively engage clerical and administrative staff by enriching their jobs (Batsleer 1995: 240).

Other kinds of training are usually carried out in-house. The four categories of voluntary organisations in the research set a pattern for inhouse training. Medical and hospice and housing organisations¹⁵ focus on self-help or even survival courses such as caring for the caregiver, moving patients safely, counselling, coping with mental and difficult residents and health and safety. Foreign aid and advocacy groups focus on influencing external relations with the media, for example, or with the larger labour market. These organisations tend to have EO (equal opportunities) training, induction

¹⁵ The UK housing/shelter organisations follow two patterns of training. St Mungo's trains staff to deal with in-house problems like violent and mentally-ill clients. Shelter, more an advocacy organisation, provides EOP training and professional upgrading.

courses, and training in recruitment and selection. The Salvation Army sponsors a mandatory, in-house anti-sexual harassment training programme for all its Canadian staff; so far more than 6,000 employees have had the training.¹⁶

In only two organisations, Friends of the Earth and Terrence Higgins Trust do human resources managers consult line managers about training and education needs of the employees in their departments. Within limits, the HR person tries to plan training. This is often constrained by lack of resources and relevance to the job at hand. In two Canadian organisations, employees have asked for and been granted special 'favours' from the employer. The Community Clinic paid for one of the long-term receptionists to go to school to train as a nurse, and the Salvation Army has paid for administration classes for several secretaries to move up in rank.

II Performance Appraisal

While work performance is one thing appraisal assesses, several other HR matters such as discipline, pay and even training and promotion opportunities can hinge on appraisal. In this section, performance appraisal for employees in the selected nonprofit organisations will be examined before turning to other related policies, such as discipline and pay.

Performance appraisal is commonly used in the public sector and in for-profit organisations as

“... a systematic process ... to assess the extent to which employees are performing jobs effectively.” (Milkovitch, Glueck et al 1988: 490).

¹⁶ This arose because there have been a number of well-publicised cases of sexual harassment and even rape at Salvation Army workplaces across the country. In one case a Salvation Army captain accused of sexual misconduct was found naked, tied to a tree and dead.

Appraisal works this way: usually every year, the supervisor fills in a form about the employee's progress, shows it to the employee, discusses it with him or her and has the employee 'sign it off' -- with or without written comments. Then the supervisor sends the form to the personnel department to be filed. This is generally the way appraisal is done in for-profit and public sector workplaces, it is carried out in much the same way in the nonprofit organisations studied.

Young (1987: 169) insists that because voluntary organisations are often service providers and tend to be labour-intensive, they differ from most for-profit and even public sector organisations. He believes there are a limited number of people who want to work for voluntary organisations and that retaining them can be difficult (*ibid.*). In his view nonprofit managers are often "disadvantaged in measuring employees' performance" because they cannot be offered suitable rewards to motivate them (*ibid.*). As will be seen later, this assessment was not supported by the research findings here.

Some researchers who write about appraisal (whether in for-profit or public sector organisations) warn that some managers are loath to use it, and without the commitment of top management, appraisal can amount to "a paperwork exercise" (Milkovitch, Glueck *et al* 1988: 491). Part of their reluctance has to do with the fact employees do not like or appreciate it: they perceive it as less than fair; they feel that their input is not welcome; and they tend to distrust the rater (*ibid.*, p. 521).

Nonprofit organisations avoid this dilemma in three ways. First, a number of the organisations in the research have no appraisal system (see Figures 7.3 and 7.4 next pages). Though slightly apologetic about the lack of appraisal, human resource managers at Amnesty UK and The Refugee Council do not see appraisal as an

Figure 7.3 Appraisal in Selected Canadian Voluntary Organisations

Organisation	No Appraisal	Annual Appraisal	Effect on Pay or other HR	Notes
Amnesty	X			
Casey House		X	not tied to pay	done after the first 3 mos on the job
Catholic Childrens Aid		X	not tied to pay; union objects	seniority, not appraisal, determines pay and promotion
CHF		X	not tied to pay	
CMA		X	performance is major factor in pay rise	Based on performance, employees get between 0% and 5.6% pay increases
Comm. Clinic	X		union objects	evaluation done after 3 mos. probation for clericals, after 1 yr for doctors
CUSO		X	not tied to pay	
Lung Association	X		tied to pay	
Oxfam	X			
Salvation Army		X	tied to pay	in non-unionised headquarters only. Staff receive 0-5% pay increase depending on performance.
Save the Children	X			HR manager used 5 yrs of appraisals to build a case to sack an employee
SPCA	X		union objects	no time to conduct appraisals
United Way		X	not tied to pay	clericals unionised, professional are not

Figure 7.4 Appraisal in Selected British Voluntary Organisations

Organisation	No Appraisal	Annual Appraisal	Effect on Pay or other HR	Notes
Amnesty	X			
Asthma Campaign		X	not tied to pay	360 degree, meaning staff evaluates managers too
Barnardo's		X		
Christian Aid		X	not tied to pay	"if performance were tied to pay, we would lose control over salaries"
FOE		X	not tied to pay	not always done. Many managers do not like them. Not a priority
THT		X	not tied to pay	supervisors met with employees at least 9 times a year, plus formal appraisal annually
London Lighthouse		X	not tied to pay	
NACAB	X			
Oxfam				no reply
Refugee Council	X			
St Mungo's		X	trying to move to basing it on performance	appraisal used in east London, not west and used sporadically
Shelter		X	not tied to pay	patchy, not always ea. year
VSO		X	not tied to pay	try to do 360 degree appraisals too

immediate concern but rather as part of a future plan for their organisations. Still the personnel officer at Amnesty observes, “There are performance issues that hinder us and not having appraisal hinders us.”

Second, other organisations conduct ‘half-hearted’ appraisals. In other words, appraisal is done when and if convenient, and if the particular manager is a ‘believer’ in appraisal. At Oxfam Canada, for example, there is only a 30 per cent compliance rate by managers and “the process is more cumbersome than useful,” according to the human resources officer.¹⁷

The third way organisations deal with the difficulties of appraisal is to introduce a 360-degree appraisal system in which

“employees are rated not only by their supervisors but by co-workers, clients or citizens, professionals in other agencies with which they work and subordinates.” (Pynes 1997: 128)

In theory, this means anyone even tangentially involved with the organisation has some input into an employee’s evaluation. One Canadian organisation, the Co-operative Housing Federation (CHF), relies on this method to appraise their senior staff. An appraisal form is sent to members of the board (the trustees), the president and treasurer and also to all members of staff. The result is not very telling because “no one tends to comment unless it’s good.”¹⁸

Several British organisations apply the 360-degree approach less rigorously. Both Friends of the Earth and Shelter ask all the team members to use a form to assess a fellow-worker, but this is not applied to a manager. The National Asthma Campaign

¹⁷ From an interview with David Orfald, human resources officer, Oxfam Canada.

¹⁸ From an interview with Christine Séguin at CHF.

asks all staff to complete a questionnaire about how management is doing. So far no one has written anything demeaning, but a couple of people have commented (anonymously) that the personnel manager and the CEO earn far too much money.¹⁹ The personnel manager also holds a twenty minute open forum on Tuesday mornings and Thursday lunch times during which

“Anyone can come and talk about anything that bothers them. I had hoped it would be a decision-making forum but now it’s an information exchange.”²⁰

From a managerial perspective there are also problems with appraisal. McGregor points out that if a performance appraisal is not as positive as the employee expects, it induces

“...rationalisation, defensiveness, inability to understand [and] reactions that the superior is being unfair or arbitrary.” (McGregor 1960: 87)

One nonprofit HR officer claims appraisal could be very ‘risky’ to the organisation as it could open a Pandora’s box of ill-will and distrust between staff.²¹ Several Canadian organisations use a pro-forma appraisal after three or six months on the job.²² The appraisal basically advances employees from probationary to permanent status. In this way, employees are more inclined to accept any criticism since along with it comes a permanent job.

¹⁹ The personnel manager dismisses these comments saying he and the CEO are definitely ‘worth’ the money [his salary is more than £40,000 a year].

²⁰ From an interview with Adrian Poffley at the National Asthma Campaign.

²¹ From an interview with Alison McGrand at Amnesty International.

²² Examples are the Community Clinic and the United Way. After the six month probationary period, employees are appraised and usually granted permanent status. This status is important because it marks the start of their being able to use their seniority as a way of obtaining promotions, time off, various kinds of training etc.

McGregor warns that even if the appraisal is not a performance rating but qualitative in nature, there is a danger the appraisal will tell more about the appraiser than the appraisee (*ibid.*). Charles Handy agrees. He claims that people find ways to reject their appraisal and find fault with it.

“Paradoxically, praise is also discounted as a warm-up for the ‘but ...’ statements or as politeness. To be accepted, feedback needs to be objective... frequent and given by someone who is known to have a positive regard for you.” (1988: 36)

Despite doubts about the benefits of appraisal, more than 75 per cent of the organisations studied use it (see Figures 7.3 and 7.4) either annually or more often. Interestingly, the size of the organisation does not seem to matter when it comes to appraisal; organisations as large as Amnesty UK and The Refugee Council do not conduct appraisals, whilst smaller organisations, like Save the Children and the Terrence Higgins Trust do. But there may be a size threshold because the three smallest Canadian organisations, the SPCA, the Lung Association and Amnesty have no appraisal system.

Compare the cases of Amnesty UK and Amnesty Canada. Neither has appraisal. In the UK Amnesty, it is seen as divisive. According to the personnel officer, the likely fallout of having employee appraisal could be the employees would want to be able to appraise their supervisors, and that may be too risky. This is echoed by Bob Baker of Amnesty Canada who rejects formal appraisals because in the past it has been used as a justification for downsizing. It should be said that Amnesty is quite unusual in this sample. The employees’ commitment to human rights (indeed some are former prisoners of conscience from other countries) means they eschew cruder forms of managerial control.

One can speculate that there may be several reasons for the insistence on or resistance to appraisal. An important one has to do with Burns' and Stalker's distinctions between 'career systems' and 'political systems' (as cited in Batsleer 1995: 240). The argument is that administrators, journalists, fundraisers, lawyers and other specialist staff in voluntary organisations want to develop their skills and enhance their career prospects. On the other side, those involved in direct service like social workers, aides and health care workers have deep roots in the community and with their clients. They are more easily recognised in their profession because they are practicing social workers, for example. In many voluntary organisations then, there is a gap between the development and recognition of professionals -- the career systems -- and the supply of services to clients -- the political systems. One way of recognising these distinctions is by implementing an appraisal system.

“Large organisations need... to acknowledge in their systems and procedures the divergent ways in which different groups and sections operate and the plurality of career loyalties and commitments which staff... seek to express and fulfil through their work.” (*ibid.*, p.241)

On the other hand, appraisal cannot exist in a vacuum. American industrial psychologist Alfie Kohn thinks performance appraisal is a stressful annual ritual which “generates resentment and impedes cooperation.” (1993: 183-4). He goes on to say that the results of appraisals can be misleading and do the exact opposite of what they are intended to do. He dismisses the reliance on the carrot-and-stick ethos (appraisal and discipline) played out in most workplaces (*ibid.*).

“... even if performance appraisals were [his emphasis] adequate to gauge how well people are doing, their effects are usually so destructive that they shouldn't be used anyway. (‘Why help him when I'm being judged only on my own performance?’)” (*ibid.*, p.129)

III Promotion

In Chapter 6, promotion was dealt with to an extent in the discussion about recruitment and selection. It needs to be emphasised that in the UK nonprofits, promotion does not seem to take on the same importance as it does in Canadian nonprofits. Perhaps this is also reflected in the statutory and the for-profit sectors as well. For example during the interviews with the UK personnel managers, most said that they rarely considered the issue of promotion for their employees. One manager was openly hostile to the idea of taking any responsibility for employees' careers.

“When I first came here I heard ‘this organisation does nothing; it bleeds me dry. What is Oxfam going to do about my career?’ There is a misunderstanding about career change and progression. People think it’s the easy way to come into an organisation as an administrative person and work their way up. But you can’t make the career change internally. It seems to be we all have to take responsibility for our own careers; the organisation will fail you.”²³

Or, as the personnel manager of the National Asthma Campaign put it, “To get a promotion round here, you’re waiting for a dead person’s shoes.”

Other personnel managers were adamant that their organisation offered no promotions or career ladders to current staff. If a better job within the organisation came up and was advertised, the employee would have to compete against external applicants. No preference would be given to internal candidates. Personnel managers at Amnesty, Barnardo’s, London Lighthouse and VSO suggest that one way forward may be through self-development. By getting a bit more education, through night courses (paid for by the organisation if the course is relevant) the applicant can move up the scale.

Kathy Moore at VSO explains another possibility.

²³ Interview with Rhian Cadvan-Jones, head of international human resources, Oxfam.

“I encourage people to spend time in other departments. When temporary jobs come up they are always advertising internally, sometimes externally. There are sometimes regional opportunities to spend time overseas. In the middle of a contract there is a six week holiday. Someone from here can apply to go and cover for that time. Also either by applying for a managerial job -- from an A2 to a B1 -- or taking on extra responsibilities so the person is in fact doing the job, that is another way.”²⁴

At VSO and Friends of the Earth much of the blame for lack of promotional opportunities is placed at the feet of the union. At VSO, Moore points out she has tried to recruit (or promote) internally but runs into problems with the union

“Because of their strong commitment to equal opportunities, there is pressure from the union to advertise externally. The union’s priority is to get people through the door. They don’t trust any other way of staffing. Internal applicants fill only five to ten per cent of new jobs.”

The personnel and training officer at Friends of the Earth says the union is “depressingly vocal” about equal opportunities; no preference can be given to internal candidates -- there is no favouritism.

“In the old days people did things that needed to be done. Nowadays it’s hard to make a transfer across areas. You have to take a sideways move first, or have good skills.”²⁵

To gain experience, ‘acting up’ to a temporary job at a higher level is also encouraged at Shelter and the Terrence Higgins Trust (THT). THT is the only British organisation in the research that advertises vacancies internally before externally. Anyone on a particular grade can apply for another job at the same grade. Anyone in one grade below can apply for the higher level job once they complete a probationary period of six months.²⁶

²⁴ Interview with Kathy Moore, head of personnel, VSO.

²⁵ Interview with Carol Hughes at Friends of the Earth.

²⁶ Interview with Helen Reeves, personnel officer, Terrence Higgins Trust.

Unlike their British counterparts, Canadian organisations regularly first advertise positions or transfer opportunities internally so that existing employees have first call on these positions. Usually positions are filled internally. In unionised environments, promotions or transfers, are invariably based on two criteria: whether or not the internal candidate has the minimum qualifications for the new job and his or her level of seniority within the organisation. In a unionised environment, seniority, or an employee's years of services in a given organisation, influences a number of human resource decisions such as promotions, transfers, training opportunities, layoffs and even wages.²⁷ This is completely different from the merit principle and the influences of EO policies which exist in the UK.

Among the Canadian organisations three problems are evident. First, in professional jobs which are often 'out of scope' of the union, people are often promoted based on the organisation's needs. At Amnesty, the financial manager became the managing director; the secretary general started out as a programme officer. Sometimes promotion is determined by whether or not the employee's existing job can be broadened to incorporate more work. As Robin Cardozo, the United Way's chief operating officer explains,

"At the vice-president level, the director of finance moves to be a vice-president, then to CEO, but my job as VP has simply been expanded. Lack of job promotion and opportunity is a challenge especially in the campaign department. There is a little bit of progression but not enough. There are no real career ladders. People are selected for promotion based on their dedication and longevity in the job."

Second, people are sometimes selected for promotion based on their dedication and

²⁷ Even in non-union environments, most employers value long service and, though not always expressed, seniority becomes a basis for promotion or transfer.

longevity in the job.²⁸ At Casey House, the director of nursing became the executive director; the former executive director used to be the director of finance.

The third point is that most of the Canadian organisations are too small, have too few staff and resources to have many new appointments, or possibilities for promotion. The exception seems to be in the clerical field; the Canadian Medical Association and the Salvation Army frequently promote administrative people who apply from within.

IV Discipline

This brings up the use of appraisal on discipline in nonprofit organisations. In some Canadian nonprofits, when employees receive poor appraisals, disciplinary action is taken. The Canadian Medical Association, Save the Children and the Salvation Army look at poor performance quite seriously. As one human resources manager says,

“The main reason for termination is poor performance. I’m called ‘the terminator’. If I’m wearing a suit on Monday or Tuesday, then I’m going to terminate someone. No one knows what I’ll do on Wednesday. I never fire on a Thursday or Friday.”²⁹

In the UK, most human resources managers claim that they have a tough time dealing with poor performance; gross misconduct is really the only ground for termination. Only Barnardo’s, probably because there is no union representing the employees, uses discipline against poor performers. But there is also another aspect to this; several personnel managers mention the lack of a management culture within the organisation as a reason that employee performance is rarely judged and poor

²⁸ From an interview with Bob Baker, director of finance.

²⁹ Interview with Wayne Morgan, director of human resources, CMA.

performance seldom punished. As John Sunderland puts it,

“I’ve had to fire at least twenty people in the last year because there is a lack of management culture; managers do not address any problems. They tend to sweep problems under the carpet and hope it goes away. There is a pattern of indulgency and things are not challenged.”³⁰

Of course discipline means more than the extreme of sacking. Most nonprofits have a policy of progressive discipline related to the employment legislation in both countries. Policies state there is first a verbal warning, then a letter placed in the personnel file, perhaps suspension and finally sacking as a last resort. Under Canadian labour laws (in all jurisdictions), in unionised settings individual employees have the right to grieve any form of disciplinary action taken by management.³¹ Few discipline cases go to arbitration (under Canadian labour relations) or to industrial tribunal in Britain. Human resources managers claim that it is too expensive and the publicity is seldom worthwhile. At the Salvation Army,³² one termination case due to go to court was settled out of court at the last minute. In the UK, Steve Shaw of NACAB insists if it is more cost effective his organisation prefers to pay people to leave than to go to tribunal “but if it’s a political issue like race or sex discrimination, we won’t settle.”³³ In unionised environments in Canada grievances are often resolved through arbitration hearings. This is both expensive and cumbersome, for both the union and the employer

³⁰ Interview with John Sunderland, director of human resources, The Refugee Council

³¹ Grievance can only be undertaken after the probationary period of three to six months, as stipulated in the collective agreement.

³² At Salvation Army Territorial Headquarters in Toronto there is no union. So the person who was terminated tried to sue the Army for ‘wrongful dismissal’ in civil court (arbitration is only accessible to employees in a unionised setting).

³³ Interview with Steve Shaw, head of personnel, NACAB (National Association of Citizens Advice Bureaux).

as they share the costs of the third person adjudicator, or panel, which hears a discipline case. Two events bear special mention. Two of the organisations in this research endured very acrimonious strikes – one a few years previous to the research, and one in the midst of it.

Without going into greater detail, the facts are as follows.

The SPCA Strike in Saskatoon

The twenty or so employees at the SPCA in Saskatoon struck for more than nine months, over the winter of 1993-4. This strike was about the right of workers to unionise and force the employer recognise the union. The entire community of Saskatoon was galvanised by the strike because pound services, pet adoptions and other animal control had to be suspended indefinitely. In addition, though scabs or ‘replacement’ workers were sought through advertisements in the local newspaper, it was the volunteers who crossed the picket line and performed the work without pay.

The picketing took place over the winter and spring months, in front of a wind and snow-swept animal shelter on a country road just at the edge of town. Temperatures reached -30 Celsius for at least four weeks of the strike. The mayor and city councillors urged the workers to return to work, but the big problem was the SPCA trustees. They believed it was a privilege to work with animals, and the staff ought to work for free, or next to it. In addition, many of the trustees were members of a large and influential evangelical Christian congregation in Saskatoon,³⁴ and the then-executive director worked as a part-time counsellor and leader at the same church. So literally hundreds of adherents sided with the trustees and executive

³⁴ Saskatoon is known for being part of the “Bible Belt” in Canada.

director against the employees.

Finally, a settlement was reached. It provided for basic union recognition, not much more than basic labour standards³⁵ and wage increases of little more than 50 cents an hour (about 24 pence) for most jobs.³⁶ Taking into consideration union subscriptions and the fact the employees had forgone wages for many months, employees did not get a raise at all.³⁷

Over the last six years, the union has held on tight, despite tremendous staff turnover. It is a unique situation: the evangelical character of the most influential members of the board of trustees is not the usual situation among nonprofit trustees. It has resulted in board members and employees leaving. The latest casualty was the departure of the able and experienced executive director. The board's parsimonious attitude has also kept wages lower than at the two other animal shelters in the province.

The Salvation Army Strike at Booth Centre, Ottawa

The strike began in mid-October 1996 and ended Christmas Eve. Though the union, the Public Service Alliance of Canada (PSAC), had been certified as the bargaining agent for the 50 employees, they struck for a first collective agreement. In Canada, though some provinces have binding arbitration which ensures a first

³⁵ Every Canadian jurisdiction has some fundamental requirements or Labour Standards for holidays, minimum wage, hours of work etc. which form the floor for wages and benefits. Generally, unions negotiate more than the minima set down by Labour Standards.

³⁶ A commonly-heard joke was that strike pay was better than the actual take-home wages of the employees.

³⁷ The union, Canada's largest the Canadian Union of Public Employees (CUPE), did issue strikers with strike pay which worked out to \$100 (£55) a week.

agreement, in Ontario there was no such legislation at that time.

Booth Centre is a shelter for homeless men in a rough area of Ottawa. Most of the employees had been there for years, yet highest wage was the front desk clerk's, at £4.00 per hour. Though most employees were not Salvationists, of course the board was composed of lay and ordained Salvationists. They did not want to pay higher wages or offer any job security for their employees.

The strike was vicious. Members of Salvation Army churches drove across the picket lines and nearly knocked strikers down. The CEO of Booth Centre slept in her office every night for two months, essentially to keep the place open. Strikers leafletted around Christmastime and postered signs which said, "No money in the kettle until we settle." This referred to the Salvation Army's major charity appeal -- a big kettle with a clanging bell -- on street corners and shopping centres throughout December.

Police were called many times, as strikers maintained there was management-initiated violence on the picket line and management insisted strikers were responsible for sabotage and stealing going on inside the centre. The Salvation Army advertised in the local paper for strike breakers. Social work students were recruited to break the strike as were Salvationists. In the end, the Salvationist volunteers crossed the picket lines to keep the shelter open.

This was not the first strike at the Salvation Army in Canada. Two recent strikes in Toronto and Victoria were also very bitter. In the end, the union agreed to bring the outstanding issues, including wages, to binding arbitration. This means that an adjudicator decides basically what the new collective agreement will contain. The arbitration case took more than a year, and still some concerns go unanswered.

So what do these strikes reveal about discipline issues in Canadian voluntary organisations? First, strikes in this sector are not unusual in Canada.³⁸ Second, wages, benefits and the fight for union recognition are main reasons for striking. Certainly management of these organisations seem to have little training, or maybe tact, in dealing with employees' issues. They tend to confuse employees with volunteers, resenting the former and trying to convert them to the latter. Consequently grievances are frequently not dealt with in a timely or fair way.

Many of the personnel managers interviewed said that there were many grievances unresolved on the table in their organisations.

V Compensation

Compensation can be divided into pay and non-pay benefits, but overall, it is a thorny issue for nonprofit organisations. On the one hand, managers say that they value their employees and the high level of skills and commitment they bring to their jobs (Handy and Katz 1997: 7). Perhaps there is a 'trade-off' between salary and job satisfaction in a voluntary organisation, among at least some employees (*ibid.*, p. 3; Ball 1991: 72). On the other hand, managers – especially the chief executive officers – are caught in the squeeze between what employees need and deserve in terms of pay and benefits, and the interests of the organisation as a whole, represented by the volunteer board of trustees or directors.

Earlier in the dissertation, there was a discussion about whether human

³⁸ While researching this thesis, professional employees of the most prominent and radical trade union in Canada, the Canadian Autoworkers Union (CAW), struck the union. More than 250 employees, such as education and organising officers, struck for more than two weeks, embarrassing the union. In May 2000, CAW clericals and secretaries, members of a different union, also struck.

resources in the voluntary sector are dealt with more along the lines of statutory or for-profit organisations. One difference between the boards of for-profit and nonprofit organisations is that in the former, directors are paid -- often quite handsomely. In the latter -- by law -- they can not be paid. This is a fundamental difference between for-profit and voluntary organisations. Though this dissertation cannot deal with boards and governance at great length, it is useful to point out several things about boards of directors or trustees in voluntary organisations which likely have an impact on compensation of paid staff.

Leat (1993: 21-25) outlines three categories of trustees. The first type is the person who is a service-user or a former user; this type of trustee is especially recruited to boards of self-help and advocacy organisations. A service-user is meant to have his “ear close to the ground” and is able to find out from other clients what their needs are and how the organisation can best serve those needs. It is possible that they resent money being spent on paid staff when the need of those they serve is so great. They tend to think that agency staff are overpaid for their work and it is work they would gladly perform for nothing.³⁹

The second type is a trustee who is good at raising money. This is not the same as a person able to allocate resources or be thrifty with organisation’s money; rather it is a person who is good at and likes to raise money for the cause. This type of board

³⁹ This is especially the case in the smaller, local nonprofits which do not have very many professionals on the board. For example, some board members of the SPCA in Saskatoon believe caring for the animals is more important than treating the staff well. Other board members are elderly people living on pensions, often people who did not earn a lot even before retirement. As Shannon Pomeroy, the former executive director of the SPCA points out in an interview, “If I ask people on the board whom do you like more, animals or people, most would answer animals.”

member spends a great deal of his or her own unpaid time raising money for the cause and may resent money spent on staff salaries rather than the campaign itself. This appears to be the case with the United Way (in Toronto); some board members feel that it is wasteful that thirteen per cent of the money raised (nearly \$8 million or £ 4.3 million) goes to payroll.⁴⁰

The third type of board member is one who brings special skills to the organisation, whether accounting, legal or administrative. Whatever his or her skills or dedication, the fact he or she actively participates in managing the organisation -- for free -- makes his or her role profoundly different from that of a person on a corporate board. As Drucker points out,

“Many nonprofits now have what is still the exception in business – a functioning board.” (1989: 90).

Often this type of board member is a professional, and accustomed to getting paid for his or her expertise. Sometimes this kind of person sees the paid staff as less professional and less deserving of good pay because they are not as qualified. Most often this is the case in smaller organisations, with boards drawn from many walks of life. In the National Asthma Campaign, for example the financial officer comments that he has heard comments that his pay (£ 40,000 per year) is a bit steep.⁴¹

If trustees lack interest in pay and conditions of staff, it can create a strained relationship between themselves and the staff. This manifests itself in several ways. First, it can lead to negative feelings by staff and even by clients (Ball 1991: 70).

⁴⁰ Interview with Robin Cardozo, vice-president and chief operating officer, the United Way of Greater Toronto.

⁴¹ Interview with Adrian Poffley, financial officer, National Asthma Campaign.

Second, trustees can decide -- for cost reasons -- to reject the idea of positive action (*ibid.*).⁴² Finally, if not enough money is dedicated to pay and conditions, a voluntary organisation is seen to be compromising the standards the organisation claims to value (*ibid.*).

Pay

Just what are employees in the nonprofit sector paid? Well, the answer is really in two parts. There is what managers are paid and what other employees are paid. According to Handy and Katz⁴³, in the US there is a “general consensus” that voluntary organisations pay managers lower wages than for-profits or government does, in part because they are inclined to accept less pay because of their commitment and the fact they ‘self-select’ to join these organisations (Handy and Katz 1997: 3, 5).⁴⁴ Managers may accept reduced wages also because of the perceived prestige and better working conditions⁴⁵ in the voluntary sector (Young 1987: 174).

Handy and Katz maintain that nonprofit managers in the US are paid 20 per cent less than managers in for-profit organisations, yet there is no significant difference among clerical staff who work for nonprofits and those who do not (1997: 5). And,

⁴² For more on positive action, or employment equity, see Chapter 6.

⁴³ Economists Handy and Katz and Young use US data. No Canadian data on this subject is published.

⁴⁴ Anne Preston (1989: 443) writes that employees in this sector make a ‘labour donation’ meaning that they exchange money for the privilege of doing something socially beneficial. Employees’ ‘labour donations’ tend to increase if the organisation provide greater social benefits. Another point she makes is “the further removed the worker is from the generation of social benefits, the less likely he will be to ‘donate’ his labor at a reduced wage.” (*ibid.*).

⁴⁵ For example, more flexibility in hours, longer holidays, better benefits such as maternity leave.

according to Young, junior management staff are actually paid two per cent better than they would be in similar jobs in the private sector (1987: 173-4).

There is a difference for recent American university graduates, however. For example, Cornell University graduates employed in the voluntary sector earn 59 per cent less on average than those employed in the for-profit sector (*ibid.*, p.6).

Professionals such as lawyers also earn less: average starting salaries for lawyers in nonprofit law firms are almost 40 per cent lower than in private practice (*ibid.*).⁴⁶

These findings are echoed by Ball (1991: 72). He reports on the 1989 survey carried out by MSF, the British trade union, which found that the low pay of chief executive officers in nonprofits might be blamed for depressing the salaries of support staff, and that both had “relatively low salaries” in comparison to those in the private and the public sectors. He cites the fact that CEOs are paid at least 25 per cent less than their for-profit sector counterparts (*ibid.*).⁴⁷

Interviews with CEOs and personnel managers at the 26 voluntary organisations on which this research is based, reveal that those at the higher end of the

⁴⁶ Handy and Katz (though Canadian) are referring to US data. In Canada, lawyers working for the nonprofit Legal Aid Societies earn significantly less than those in private practice. A recent example is the lawyer in a high profile and very complicated murder case in Saskatchewan [Regina v. Larry Fisher]. The accused qualified for free legal representation, known as legal aid. Because it was a capital case, Fisher, the accused was permitted to choose any lawyer and the government agreed to pay the legal aid rate of \$66 (£35) per hour for his lawyer. Many private criminal lawyers in the province earn \$300 (£162) or more per hour. Fisher’s lawyer felt he could not prepare and research the case on the low hourly rate; he applied to the Court of Queen’s Bench to have the legal aid rate increased for this one case. He won and the government agreed to pay him about half the going rate, or \$150 (£81) per hour.

⁴⁷ Managers in the voluntary sector are also paid less than their public sector counterparts. According to Winchester and Bach (1999: 33), under ‘new managerialism’ in the British public sector, pay rewards, “have moved much closer to those found in many parts of the private sector.”

job scale are paid less, while those in clerical and administrative jobs are paid about the same as they would be paid elsewhere.⁴⁸ At Christian Aid, for example, the policy is that the CEO may earn a maximum of only three times what the lowest clerical worker is paid.⁴⁹ Jannie Oos, the head of personnel, admits that senior management is not paid well. The CEO earns £34,500, which at that salary means, “We’re lucky to have him.”⁵⁰ One reason why managers are paid less is because the objectives of those who enter management in the nonprofit sector often differ from their counterparts in other sectors (Young 1983:16). Young argues that managers possess a combination of two characteristics: a strong commitment to the philosophy of nonprofit organisations and a belief that nonprofits exist to provide services, not as a business (*ibid.*, p. 56-7). These characteristics make lower pay more acceptable. It may also be that because women outnumber men in most nonprofit organisations by a ratio of two to one, their presence tends to depress wages overall (Steinberg and Jacobs 1994: 88). Because of the higher proportion of women to men, there is an assumption that women are less interested in money than men (*ibid.*). Another reason for lower pay is that women are typically segregated into lower-level jobs.

Overall the MSF Survey of Pay and Conditions (MSF 1996: 12) reveals that 47 per cent of the 68 voluntary organisations surveyed are linked to APT and C or local government pay scales, while four per cent are linked to the Civil Service scale (*ibid.*).

⁴⁸ Preston (1989: 439) confirms that “the nonprofit sector is a low-wage sector” Also that white collar workers in the for-profit sector earn at least 20 per cent more than their nonprofit counterparts (*ibid.*).

⁴⁹ Interview with Jannie Oos, head of personnel, Christian Aid.

⁵⁰ Interview with Jannie Oos. It turns out the lowest rate for clericals is £12,000-£14,000 p.a., which includes London weighting. Not taking into account the weighting, the CEO earns about three times the rate for clericals.

Of the thirteen UK organisations in this research, only three – Barnardo’s, The Refugee Council and St Mungo’s – pay according to the APT and C scales. Several others started out paying according to this scale but have recently conducted job evaluations and adopted their own scales. One organisation, NACAB, follows the Civil Service scale. There are two possible reasons why British organisations adopt one of the two dominant pay scales. First, it saves the organisation time, trouble and money to follow a pre-set scale -- especially if the organisation has no personnel specialist on staff⁵¹ (Ball 1991: 73). The other reason is that if the voluntary organisations, like the four listed above, rely on funds from local or central government,

“it may be important to provide a ready means of comparing salaries of staff with those operative in the public sector.” (*ibid.*)

There are, however, a couple of problems in using the scales. First, there is no way of knowing whether or not staff are “slotted in” at the correct points on the spinal column (*ibid.*). Second, there are many grades which cover social workers, for example, and as Ball says, without adequate policing of the national agreement it is hard to say if social workers or special care workers, or others are at the right spinal point on the scales.

To avoid these pitfalls, the majority of the voluntary organisations examined in this research have created their own scales which are less cumbersome and more targeted to the particular workplace. The scales tend to divide along two lines. On one scale are the ‘professionals’ including managers, information technology people,

⁵¹ Interestingly, none of those which use the scales operate without a personnel manager or department.

and in-house lawyers and accountants and human resources people. The second group is the support and administrative staff, which includes clericals, cleaners and packers. In the UK, most organisations are quite open about what the CEO earns, and often the CEO is at the top of the former scale. Despite the fact that many organisations create their own scale, virtually all the scales have a number of 'spinal points' along them so that employees move up a spinal point, thus receiving an annual pay increment. In addition most organisations give employees an increase, usually in August, which represents the increase in the retail price index for the year.

The situation is markedly different in the Canadian nonprofits in this research. First, wage scales are more truncated than those in the UK. Often there is simply a starting wage for a given position and a slight increase in the wage after three or six months' probation. Few organisations offer annual increments or cost of living allowances (COLAs). Organisations, whose staff are represented by a trade union, negotiate all wages and benefits for that particular workplace with the employer.⁵² In some voluntary organisations, for instance, only a part of the staff is represented by a

⁵² This is also true in the government sector. For example, the Canadian Union of Public Employees (CUPE – Canada's largest trade union) represents the 2,500 employees in the City of Saskatoon. These employees range from clericals, to librarians, to art gallery curators, to utility clerks and rubbish collectors. Every two or three years the union and the city negotiate a brand new collective agreement, which is independent of the hundred or so other collective agreements CUPE has negotiated with cities and towns across the country.

An exception is at the federal government level. The myriad of unions which represent federal employees negotiate on behalf of their members in federal offices across Canada. So clerical workers represented by the Public Service Alliance of Canada (PSAC) work in offices for the Dept of Agriculture, Revenue Canada and the Solicitor General from coast to coast. Negotiations for these employees take place centrally, in Ottawa, every few years. The same is true, on a smaller scale, of provincial government employees. Every province's employees has a different province-specific union which negotiates on their behalf, wherever the employee is located in the province.

union so the employer tends to give the non-unionised employees the same compensation settlement, as is reached by the unionised group.⁵³ Wages are based, principally, on what the organisation can afford. There have been very few salary surveys done in the nonprofit sector, so organisations (unlike in the UK) do not freely compare notes on this.

Figure 7.5 (next page) takes a closer look at wages in five British and six Canadian organisations.⁵⁴ What is apparent is the UK organisations have similar wage patterns. The median wage is between £21,000 and £24,000 per year. The median salary is lower in Canada -- about £20,000. But there is a significant drop below that and a spike above it. From looking at this chart, it seems that in the UK, the national wage scales, even if applied only to some organisations, have a major influence, a steadying effect, on wages in voluntary organisations overall. This is of course in comparison to their Canadian counterparts.

But Leat (1993: 45-6) maintains that British voluntary organisations often have ‘inconsistent’ salary scales. She points out that it is

“not uncommon to find no scales for senior, middle-level, secretarial, clerical and manual staff.” (*ibid.*)

⁵³ The United Way and Catholic Children’s Aid are two organisations in which only half the staff are in a union. In the former, only clericals are in the union; in the latter only professionals (social workers) are in the union. In both cases, wage increases for the non-union staff follow the pattern set by the unionised employees.

⁵⁴ These figures are average salaries in each classification, adjusted for inflation, presuming a two per cent increase due to inflation in the years from 1997. In order to compare British and Canadian currencies, I used the PPP, the OECD’s Purchasing Power Parity tables. To convert Canadian dollars into British pounds, I multiplied the Canadian dollar figure by .54. The straight rate of exchange would not do, because it fluctuates and also it does not take purchasing power into consideration. Example: £1 is worth about \$2.56 Canadian. One pound will buy a cup of coffee in a UK café. But \$2.56 will buy 2 or 2-1/2 cups of coffee in Saskatoon.

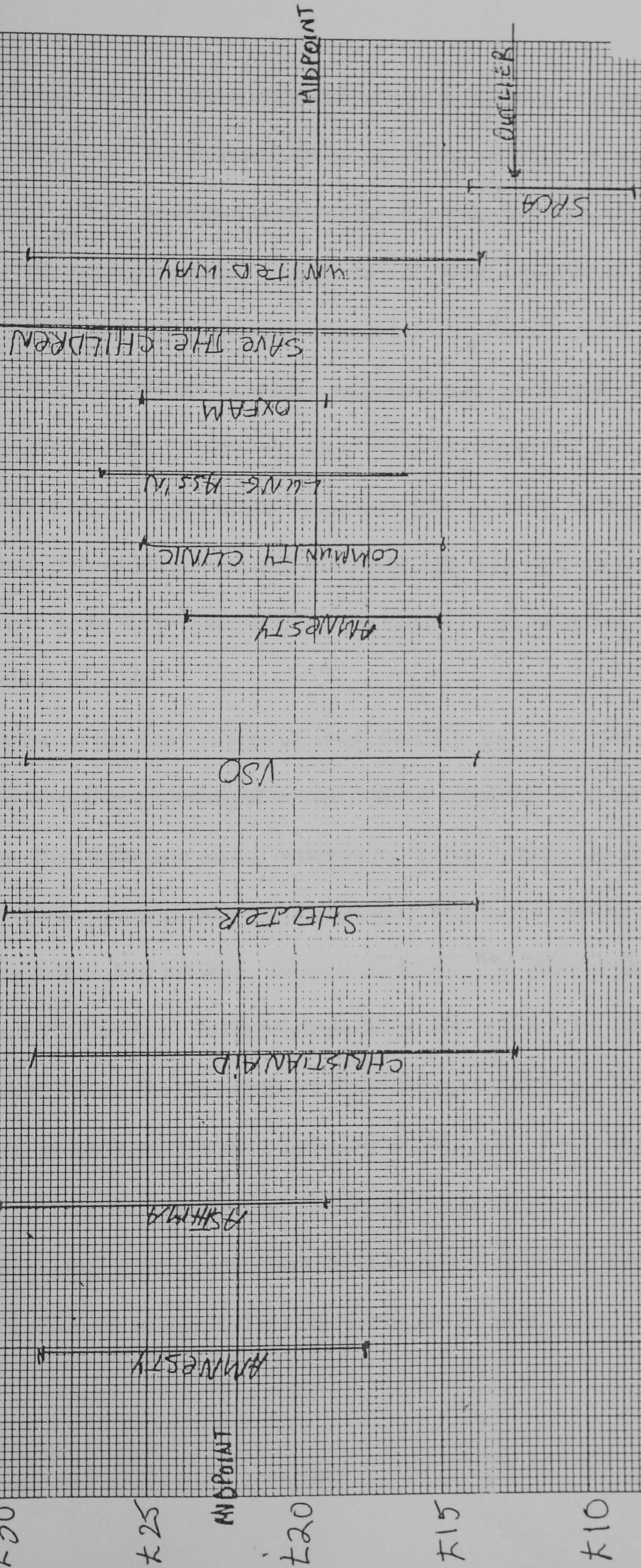
Fig. 7.5

CANADIAN

EMPLOYEE WAGE
PATTERN - SELECTED
ORG'S.

BRITISH

in 000s



The research bears this out; several organisations have no effective wage scales for employees. Yet overall, the situation is far worse in Canadian voluntary organisations.

There was little consistency in salaries for the highest paid staff, including the CEO, in the selected organisations. Though three of the UK organisations pay between £30,000 and £40,000, two organisations pay a third more; top salaries start at about £40,000 and top £50,000. Canadian organisations pay senior staff considerably less. The median is under £30,000, with a low of £16,500 for the SPCA's executive director. Two Canadian organisations do pay more than any in the UK sample; there is a difference of about £20,000 between the second highest paid and the CEO of two organisations. Again this is in line with the wide fluctuation of salaries in Canadian organisations at all levels.

Whether or not salary surveys are widely available, employees tend to know instinctively when they are underpaid or even overpaid in comparison to others in similar jobs. Both underpayment and overpayment can lead to difficulties in any workplace. Underpaid employees can be disgruntled, have higher levels of absenteeism or show little initiative. Overpaid employees, in an effort to justify themselves, try to look busy. In the voluntary sector, like the other two sectors, both these problems occur. The research shows British managers and human resource managers on the whole worry about a high turnover rate, which can be a sign of employees believing they are underpaid. In Canadian organisations, turnover tends to be much lower (see Figure 7.6 next page). But Canadian employees are more often under threat of layoffs, so they tend to cling to their jobs for perhaps too long.

Figure 7.6 Employee Turnover Rates for selected organisations

British Organisation	Average Turnover (%)	Canadian Organisation	Average Turnover (%)
Amnesty	5-10	Amnesty	2
National Asthma Campaign	10	Catholic Children's Aid	2
Barnardo's	15	Casey House	2-7
Christian Aid	9	CHF	2-3
Friends of the Earth	15	Community Clinic	1
Terrence Higgins Trust	5	CMA	5
London Lighthouse	15	CUSO	5
Nacab	10	Lung Association	5
Oxfam	5	Oxfam	10-15
St Mungo's	15+	Salvation Army HQ	0 ⁵⁵
Refugee Council	10+	Save the Children	5
Shelter	18-19	SPCA	32 ⁵⁶
VSO	25	United Way	15

Whether or not employees believe they are adequately compensated may have a relationship to union density. Overall, in the UK union density is 28 per cent⁵⁷ and in Canada it is 32 per cent.⁵⁸ Union density has been declining in Britain over the past twenty years. However in the nonprofit sector, unions represent employees in eleven

⁵⁵ Salvation Army claims to have no turnover amongst headquarters' staff. There is high turnover in the recycling depots (second hand goods sorting facilities) because the wages are low and the work is unskilled.

⁵⁶ This reflects the 50% turnover among the relief staff (which is half the paid staff).

⁵⁷ HMSO. Autumn 1996: *Labour Force Survey*

⁵⁸ Statistics Canada. June-Aug, 1997. *A Statistical Portrait of the Trade Union Movement*. Ottawa

out of thirteen or nearly 85 per cent of organisations. Union density in Canada has not dropped much overall (mainly owing to the growth of the public sector which is heavily unionised). Yet even among the Canadian nonprofits in this study, unions represent employees in seven out of thirteen or nearly 60 per cent of organisations.

Whilst HRM texts are agnostic on the subject of trade unions and deal with them as a given in some industries, it is commonly expected that if employees feel they are being fairly treated and well-paid, they are less likely to join a union. Of course this is in addition to the idea of ‘commitment’ which many researchers (Young 1983; Handy and Katz 1997; Handy 1988; Stewart 1996) emphasise is a key reason why people who work for nonprofits often accept lower wages than they would elsewhere. Yet despite nonprofit employees’ commitment and motivation to their jobs and their clients, they want to protect themselves from exploitation by management and attain the best wages possible. For those reasons they join unions.

The idea of improving wages and benefits is one shared by only a limited number of managers in UK nonprofits, and not at all taken up by managers in the Canadian nonprofits. For example one UK officer claims, “We want to be in the upper quarter of what voluntary organisations in London pay.”⁵⁹ The head of personnel for another organisation says she would like to be able to boast about higher wages but

“our data in salary surveys say we are lower than our comparators. People are turning our jobs down; we just can’t recruit.”⁶⁰

However, if the pay is too good, there is an incentive for employees to over-

⁵⁹ Interview with Helen Reeves of Terrence Higgins Trust. This is echoed by Carol Hughes, personnel and training manager at Friends of the Earth.

⁶⁰ Interview with Kathy Moore of VSO.

stay. Two Canadian organisations report this problem. The CMA has a turnover rate of only four per cent; the average length of service is seven years. As the director of human resources says, “People aren’t resigning; we’re terminating.”⁶¹

CHF has a similar problem, their wage scale is much higher than most nonprofits -- the median wage is about £30,000 (see Figure 7.5). Their turnover is lower; the few employees at the lowest classifications are the only ones to leave.⁶²

Non-Pay Benefits

Non-pay benefits are an matter of importance to many employees in nonprofit organisations in both countries because, as pointed out previously, in the UK average salaries for professionals in this sector are lower than in the other sectors, and in Canada, wages of nonprofit employees on the whole are lower than in other sectors. Also as more than two-thirds of employees in the voluntary sector are female (O’Neill 1994: 1; Burbridge 1994: 121; Pynes 1997: 32),⁶³ maternity and parental leave, plus subsidised childcare are a key non-pay benefits. Only a handful of British and Canadian organisations extend any significant benefits. First, looking at UK nonprofits, Amnesty reserves eight spaces in a nearby London childcare centre and partially covers the fees for children who attend the centre or utilise other babysitting facilities. Amnesty, London Lighthouse and Friends of the Earth have enhanced

⁶¹ Interview with Wayne Morgan, human resources manager, Canadian Medical Association.

⁶² From an interview with Christine Séguin, executive assistant, CHF.

⁶³ The two-thirds figure is from American sources. There are no Canadian and British figures about the percentage of employees who are female. Reasons for this lack of statistical information can be found in Steinberg and Jacobs (1994). We must rely on the US figure which bears out the evidence in the Canadian and British organisations studied: on average 73.7 per cent of employees in Canadian nonprofits are female. 63.3 per cent of employees in UK nonprofits are female.

maternity leave programmes. London Lighthouse has a maternity policy in excess of statutory requirements.⁶⁴ It allows 26 weeks at full pay, sixteen weeks at half pay and ten weeks' unpaid leave. There is a two-week paid paternity leave for a partner, or for a supportive friend. Adoption leave (for which there is no statutory allowance) is negotiable. Shelter offers twelve weeks at full pay and twelve at half-pay after one year's service. There is also co-parental leave of eleven paid days.

Only two Canadian nonprofits offer anything significantly better than the statutory minimum.⁶⁵ CHF grants 27 weeks' maternity leave at 95 per cent⁶⁶ of gross pay and ten weeks of paternity leave at 60 per cent of salary. Oxfam and CUSO offer much the same arrangement. These benefits are negotiated as part of the collective agreement with the union. However, the United Way and the Community Clinic (which are also unionised) offer basically the statutory minimum, perhaps because most of their female employees are over the age of 40.

The more progressive Canadian nonprofits also offer prescription and dental plans as benefits -- something not done in the UK. Essentially the employer pays into a commercial plan which allow employees to pick up prescriptions either for free or for a percentage of the actual cost. Because governments across the country have no basic

⁶⁴ UK statutory minimum is 14 weeks' leave at the rate of £52.50 (MSF n.d.: 40)

⁶⁵ Ontario Labour Standards' minimum (each province is similar in this respect) is seventeen weeks' unpaid maternity leave. If a woman has worked for at least one year before taking leave, she is entitled to unemployment insurance from the federal government for fifteen of the seventeen weeks. She will receive approximately two-thirds of her gross pay. However, without enough insurable earnings 'banked', a woman gets no money when she takes maternity leave.

⁶⁶ This means that the employer 'tops up' the unemployment benefits – from 66 percent to 95 percent of gross pay. This is not very common, especially in the nonprofit sector and the 'top up' is paid to the woman only on her return to her job after the maternity leave.

dental or prescription plans, these benefits are highly prized.⁶⁷

Treatment of overtime is another issue. The MSF conducted a survey of pay and conditions in 68 nonprofit organisations in which they have members. They found that

“The extent of unpaid overtime is high in the voluntary sector, and there is a high degree of informal extension of the working week. ... sixty-five per cent of voluntary sector workers are expected to be flexible in their working hours, being willing to work additional hours as and when necessary.” (MSF 1996: 7)

The union calls for Time Off In Lieu (TOIL) to be taken if work is needed beyond the contracted hours. In the organisations studied, nearly all claim there is virtually no need for employees to work overtime and those that must have time off.

In Canadian organisations, which are perennially short-staffed, many employees must work overtime. If they are clerical workers, they are paid time and a half; if they are in higher grades, they are generally compensated with time off in lieu.

While it is true that today women are seen less as a reserve army of labour, they are still paid less than men for similar jobs and are often offered only part-time and casual employment. This is especially so in Canadian nonprofits, where virtually all the organisations in the research employed part-time staff as a method of containing costs. In the Canadian organisations studied, more than 36 per cent of staff are part time, compared to barely 17 per cent in the UK. Canadian organisations also tend to rely more on volunteers to perform administrative and office work -- a major saving in salary. At Oxfam Canada, the Salvation Army, Amnesty and the SPCA there is a heavy reliance on volunteers. British organisations take a different approach.

⁶⁷ Some provincial governments do give free prescriptions but only to senior citizens

Volunteers are encouraged to do only the least skilled jobs -- like driving clients to appointments or pushing fundraising envelopes through letter boxes. In this way a greater distance is kept between paid and volunteer staff.

To summarise this section on compensation, two points can be made. First, the trustees play a significant role in setting compensation. Second, reliance on existing salary scales plays a role. In the UK, wages are higher than in Canada and the linking of voluntary wages to the government wage scales is a possible reason. Overall, the way staff are compensated in voluntary organisations has as much to do with country's culture, history and expectations as it has to do with financial constraints within which organisations operate.

Figure 7.7 summarises a number of aspects of HR management in the organisations studied. The last two chapters have explored in depth some of the important differences in HR practices in the two countries. These differences have implications for the conclusion which follows.

Figure 7.7 HR Features in 26 Selected Voluntary Organisations

<i>HRM features in 26 voluntary organizations studied</i>	<i>British Nonprofits</i>	<i>Canadian Nonprofits</i>
Recruitment/selection	use 'best practice' as starting point; use job analysis, job descriptions; advertise positions widely.	use the most expedient method of recruitment; do not use job analysis; use job descriptions which tend to expand and contract; do not always advertise positions
Equal opportunities	constrained by legislation	constrained by practice
Appraisal	done on pro-forma basis; little impact on wages	done haphazardly; in non-union orgs tied to pay; in unionised orgs not tied to pay but tied to promotion
Training	mainly job-related; offered in-house	not necessarily job-related; can build personal worth
Wages	tied to local and central government rates; or fashioned from an existing scale	paid whatever the market allows – generally lower than government. Tied to seniority.
Promotion or transfer	open competition; no preference given to internal candidates	competition is narrowed and internal candidates have an advantage
Human resources managers	80% trained, purposely designated	23% trained, often wear more than one 'hat'
Paid employees	63.3% female; overwhelmingly full-time; 17% part time. Turnover rate is about 13%	73.7% female; more than 36% part- time Turnover rate is 7.2%.
Volunteers	used sparingly for least skilled jobs; not depended upon	used for service delivery, administration etc.

CHAPTER VIII ~ CONCLUSION

This chapter first summarises the main fieldwork-based findings on human resource management practices in British and Canadian nonprofit organisations. Second, it develops the outline of a comparative analysis that might explain the systematic differences in practice that were observed. In particular, it explores the important influence of variations in the two countries' welfare state traditions, and broad patterns of industrial relations, especially the organisation of trade unions and their role in internal labour market regulation. Finally, it identifies the limitations of the research and suggests ways in which further research might develop and refine some of the conclusions.

HR Policies in British and Canadian Nonprofits

The research findings reported in Chapters Six and Seven demonstrate clearly that human resource policies and practices vary considerably between British and Canadian nonprofits. Turning first to recruitment and selection, few Canadian organisations advertised widely in seeking to fill vacancies; most relied on recruitment from within. This policy was strongly supported by trade unions in organisations where they were recognised as it gave opportunities to existing staff to attain a better job or a promotion. The practice of internal hiring was also found in nonprofits which were not unionised, so it may be concluded that Canadian managers – as well as trade union representatives – viewed internal hirings as fair and efficient.

In marked contrast, in the British nonprofits virtually all positions were advertised, whether in a national or local newspaper, in a newsletter, or at a job centre. There was a widespread assumption that equal opportunities, to which most of the organisations were formally committed, required an open hiring policy targeted on external applicants. It was not entirely clear whether the presence of a trade union had an impact on recruitment and selection in British nonprofits, not least because eleven

out of thirteen organisations in the sample recognised trade unions. In most cases, trade union organisation and policies on recruitment were viewed neutrally, but in a few nonprofits human resource officers saw them as obstacles to flexibility in management. In Canada in contrast, only seven of the thirteen nonprofits in the sample recognised trade unions. Managers in unionised organisations, however, relied on seniority and other rules set down in the collective agreement as a basis for their policies on recruitment and selection.

How did the nonprofit organisations appraise their employees in the two countries? The research findings showed several differences in practice. First, only seven of the thirteen Canadian organisations conducted any sort of employee appraisal. This was partly because the managers responsible for human resources did not have the time and/or the expertise to spend on appraisals, but also because many employees were opposed to it, so managers were less inclined to introduce systematic appraisal procedures. Two of the Canadian nonprofits which used appraisal did so as part of a performance-related pay system and, significantly, both were non-unionised organisations. In contrast, appraisal was carried out in nine out of the twelve British nonprofits and none of the organisations linked pay to performance. The research findings suggested that in many Canadian organisations, in this area as in others, trade unions took on the role of a watchdog over management and effectively vetoed plans to link performance to pay.

The comparative research findings on recruitment and appraisal policies are inevitably linked with those on promotion. The findings showed that British nonprofit organisations offered very few chances for promotion, while promotional opportunities were more widely available in the Canadian organisations. The internal recruitment policies in Canadian nonprofits meant that existing employees were given the first chance to apply for a better job or to seek a transfer to a different one. Equally

important, employees expected to be promoted in Canadian organisations; it as part of the culture that people should move up the ladder. This may explain why labour turnover was significantly lower in Canadian nonprofits than in British ones, despite sometimes lower wages, because employees wanted to build up their seniority within an organisation to be in line for promotion.

There were two factors that influenced the provision and purpose of training in the non profit sector. Clearly cost was one: the Canadian organisations in the sample were, on average, smaller than the British ones, and they had few in-house resources for training. Their training budgets were spent mainly on paying the tuition fees of employees who chose to take an external course at a university or college. Since they attended these courses in their own time, and outside working hours, only a small number of employees availed themselves of such opportunities for education or training and thus, the cost to the organisations was relatively low.

In Britain, employers rarely paid for their staff to attend a university course, especially one that was not directly related to their job requirements. Instead, British nonprofits tended to offer a plethora of in-house courses which covered such topics as information technology, media skills, equal opportunities policies and health and safety. These courses may have been more attractive to employees because they were able to participate during their working days. The opportunity to upgrade work-related skills also may have encouraged greater job stability and lessened the fear of layoff for at least some groups of staff. In Canada, layoffs and redundancies were more common within the voluntary sector, and some managers felt they owed it to their employees to help them upgrade their general education and skills to assist them in coping with the threat of a layoff.

The research findings on pay and conditions clearly showed that the British nonprofits were more systematic in establishing pay scales than their Canadian

counterparts. Most British organisations had formal pay structures often based directly on the collective agreements in local government or the civil service. All of the nonprofits paid an annual 'cost of living' increase as well as an annual increment. In contrast, many of the Canadian nonprofits relied on negotiated settlements with the unions to decide pay levels and increases. Automatic cost of living adjustments and annual pay increments were rare, and several organisations in which part of the workforce was represented by a union and part was non-union¹, employers used the union settlements as their guide for the non-unionised employees. Non-unionised employees were given the same pay increases and benefits based on the union's negotiated settlement.

There were few cross-national differences in the policies and procedures covering discipline. Both Canadian and British nonprofit organisations were keenly aware that acquiring a bad reputation for inconsistent or unfair disciplinary action could have serious negative repercussions on their fund raising activities as well as on the morale of their staff. Virtually all the organisations had policies of progressive discipline and most had sacked employees only for gross misconduct, such as attacks on patients or clients, or theft.

All but one of the nonprofit organisations in the British research had equal opportunity (EO) policies; and similarly, all of the Canadian organisations had diversity policies. Many of the human resources managers in both countries believed that their employees and the volunteers had to be sensitive to EO issues, but only three of the British, and none of the Canadian, organisations had EO training programmes for staff.

¹ The Salvation Army, the United Way and Catholic Children's Aid are three examples of this.

As was discussed earlier, equal opportunity policies affected human resource management practices most directly and visibly in the area of recruitment and selection. Almost all of the British organisations had selection policies and practices which included monitoring applicants for their race, gender and disability. Whilst Canadian organisations seldom monitored these characteristics of their applicants, Canadian employment law is more obliging than that found in Britain because it permits employers to favour disadvantaged groups -- women, minorities or people with disabilities -- in employment policies. Though British law allows 'positive action', rather than positive discrimination, in recruitment, Canadian employment law permits 'equity hiring'.

Despite these legal differences, Canadian nonprofit organisations did not fare much better in practice than their British counterparts in hiring ethnic minorities or the disabled. The research showed that nonprofit organisations in both countries were staffed overwhelmingly by Caucasians, and by women, especially in low-graded clerical employment. Moreover, although Canadian employment law aimed to assist in equity hirings, trade unions tended to make them more difficult. Because of the importance attached to seniority, especially by Canadian trade unions, employees already in the bargaining unit were able to transfer to other jobs, or obtain promotions within the organisation, before any job was opened to external candidates. Even when a position was designated an 'equity' position, senior employees had the right to bid for the job first², regardless of their gender or ethnicity. This clearly worked against equity in recruitment.

² See the case at the Community Clinic, described in Chapter 6

Can the more or less systematic differences in the HR policies and practices of British and Canadian nonprofits on recruitment, appraisal, promotion, training, pay structures, and equal opportunities be linked? In general, the Canadian organisations were more inconsistent in their policies and, where they applied HRM techniques that are fairly standard practice in other sectors, did so less thoroughly than their British counterparts. The main exceptions to this comparative conclusion arose - as might be expected - in the Canadian organisations which employed dedicated human resource managers. In some of these cases, the HR managers had no professional training and qualifications in the field, but they spent all of the time dealing with human resource matters. This was often associated with the presence of a trade union that acted as an incentive to regularise human resource management practices and follow established procedures and collective agreements. In both the unionised and the non-union Canadian organisations, however, there was a greater reliance on internal candidates in recruitment, more limited and uneven staff development, and lower staff turnover and pay than in the British organisations.

In contrast, all but one of the British nonprofit case study organisations had dedicated human resource managers who were either quite experienced, or had a professional qualification from the IPD³, or both. Most of the British sample also had separate, specialist departments to deal with personnel or HR issues. Thus, they had a greater organisational capacity to develop and implement consistent policies, although few had the kind of sophisticated and strategic approach to HR envisaged in the more optimistic accounts of a 'new HRM' outlined in Chapter 1.

³ Institute of Personnel Development (IPD)

Towards an Explanation of British-Canadian Differences

To what extent can the differences in contemporary HR practices of nonprofit organisations in the two countries be explained by variations in the historical evolution of the voluntary sector; and especially in its relationship with government intervention and, in particular, the development of the welfare state? Chapters 3 and 4 showed how the very different development of charitable provision and voluntary organisation in Britain and Canada partly reflected the enormous differences in the structure and policies of the two states. For several centuries, there were great fluctuations in the balance between statutory and charitable provision for the ‘deserving’ and ‘undeserving’ poor, sick, and unemployed in both countries. By the mid-twentieth century, however, the balance was influenced primarily by the contours and values of the welfare state in each country which began to take centre stage.

In Britain, charitable and voluntary organisations had increased their scope of activity alongside the growth in national and local government services in previous decades, and they were influenced by the public sector in developing their management structures and values. In particular, they developed more formal, bureaucratic forms of organisation and a greater professionalism in human resource management partly by copying central and local government structures and practices.

In contrast, by the middle of the twentieth century, Canada’s welfare state was only a pale copy of Britain’s and the links between voluntary organisations and the welfare state were correspondingly more tenuous. On top of the historic political cleavage between French and English Canada, large scale immigration increased the diversity of regional and local interests and conditions, and encouraged more decentralised government and a fragmented pattern of voluntary organisations. Thus,

in comparison with the British experience of relatively large, nationally organised, nonprofit organisations emulating aspects of government organisation and policies. Canada became characterised by a multitude of much smaller, geographically dispersed, nonprofit organisations which were less influenced by public sector patterns of management and HR policies.

Thus, there is a clear historical dimension to the several references in Chapters 6 and 7 to the importance of the size of organisations in explaining differences in human resource management policies between British and Canadian nonprofit organisations. It may be argued that this is an unexceptional finding; in almost all sectors and in most countries, small organisations typically are managed very differently from medium and large organisations. The importance of the historical perspective on the different characteristics of British and Canadian nonprofits, however, is that it highlights other factors that contribute to the larger or smaller organisational size respectively, but also may have an independent impact on their policies. For example, the banal observation that Canada has only half the population of Britain becomes less so when it is recognised that Britain's population is highly concentrated in urban areas, and Canada's is extremely dispersed over a vast land mass, and that this greatly affects the pattern of public and nonprofit service provision⁴. Moreover, Canadian voluntary organisations – on average – are not only smaller and have fewer resources than those in the UK⁵ - but their policies are influenced by a more

⁴ For example, the province of Saskatchewan has more than 1,000 towns in an area about six times larger than England.

⁵ In fact, though Canada has roughly half as many voluntary organisations as does the UK (see Ch. 1), they include small isolated agencies, branch organisations, head offices and regional centres. Canada's 175,000 organisations are spread very thinly over the entire country.

fragmented system of government and more volatile and complex system of electoral politics.

The federal, provincial and municipal tiers of government in Canada inject a greater complexity into the management and regulation of voluntary organisations, especially if their funding is largely or partly dependent on decisions of one or more levels of government. Many national organisations – such as the Red Cross and the Salvation Army – mirror the structure of government with three tiers, two of which are replicated in each of the ten provinces. The contrast with Britain is fairly clear. Although some nonprofit organisations have to respond to policy initiatives and funding decisions of the two tiers of national and local government, the structure of the British state is relatively centralised. This remains the case even after the partial decentralisation and fragmentation of public service organisations, and the first tentative moves toward devolved government in Scotland and Wales. In practice, the more centralised structure of government in Britain facilitates a more centralised and more integrated structure of management in nonprofit organisations which, in turn, has encouraged the development of more professional management than is typically found in Canada.

Finally, these differences in the political and organisation context of nonprofits in Canada and Britain are reinforced by characteristics of electoral politics in the two countries. The legislative assembly in each Canadian province is frequently governed by parties that are in opposition to the federal governing party in Ottawa. This often injects an instability into the political system, because the differing party complexions of provincial power tend to undermine federal government power. In the last few decades, dramatic fluctuations in provincial and federal election results have led to

strong shifts in public policy that impact directly on the funding of many nonprofit organisations and result in more precarious employment policies for their staff.

The contrast with Britain is again fairly obvious. There were only minor differences in the welfare state policies -- if not the rhetoric -- of the two political parties that formed governments from 1945 to 1979; and even though the Conservative governments of the 1980s and early 1990s clearly challenged the post-war consensus on the structure and scope of the public sector, there are clear signs that many of the changes that were introduced have been accepted by the 1997 Labour government. In comparison with Canada, the more centralised state has been sustained by a more stable party political system in Britain.

The differences in the evolution of the welfare state, systems of government and electoral politics discussed above are partly reflected in the different institutional and legal structures of industrial relations and patterns of labour market regulation in the two countries. In Canada, the system of industrial relations is tightly regulated by federal labour laws and provincial legislation that vary considerably, especially in provisions affecting public service employees.. Unionised employees are locked into collective agreements which guarantee no strike or labour disruption while the agreement is in force (usually two or three years). It is only at the expiry of the agreement that there is a 'window' of a couple of months, during which it is 'legal' to strike. Despite the legal restrictions, in Canada there is more strike activity than in Britain⁶. Since the mid-1980s, striking is not as common in Britain, and certainly unions that represent employees in voluntary organisations seem to eschew industrial

⁶ In 1997, in Canada there were 279 strikes and 253,000 workers involved. In the UK there were 216 strikes, with only 130,000 workers involved. See [http://www.surveyengine.com/stc/en/en_frames.html?loc=http://www.statcan.ca/english/pgdb\(5](http://www.surveyengine.com/stc/en/en_frames.html?loc=http://www.statcan.ca/english/pgdb(5) Aug. 2000).

action. It is significant that in Canada, strikes took place in two of the selected nonprofit organisations. It may be that the overly legalistic and rather adversarial industrial relations system in Canada fuels the belief among employees – even in voluntary organisations -- that striking is still a feasible means of winning concessions.

As was shown in Chapters 6 and 7, in the Canadian labour market seniority plays a major role. Whether or not the organisation is unionised, seniority rules in recruitment, promotion, transfers and even vacations. The system of industrial relations in Canada ensures that in unionised environments, the seniority principle plays an even more important role because many grievances and arbitration cases have to do with breaches of seniority. In Britain, seniority is much less important and this difference is interesting for two reasons. First, even though British nonprofit organisations - on average - had higher rates of labour turnover than their Canadian counterparts, their core staff may enjoy greater employment security since there seems to be no systematic process for layoffs and redundancies. Secondly, unlike in Canada, compensation and benefits are much less directly related to seniority.

The research found a much higher union density in the nonprofit organisations studied than in workplaces on the whole in each country. How can this be explained? First, there is some evidence that people who work in nonprofit organisations have a higher level of ideological commitment to a cause than people who work in other most other sectors. Alongside that commitment, however, comes greater stress and disappointments, and a higher level of frustration than in other sectors (Ball 1991: 80). Staff may respond to these pressures by joining unions. A second reason for the high union density is that staff members who seek social justice or human rights and advocate for their clients, want the same for themselves. This may also prompt employees to join unions in greater than average numbers.

The research findings suggest that the presence of trade unions has an affect on how staff are treated in four ways. First, some nonprofit employers, though not opposed to unions per se, feel that it is disloyal for their staff to join a trade union (ibid.). Though most employers usually end up recognising the union, at times this involves a struggle, as shown by the long strikes by employees in two of the Canadian organisations for a first collective agreement discussed earlier. More generally, there was clear, if anecdotal, evidence that some nonprofit managers express a degree of animosity toward employees who are strongly committed to unionisation. This is especially so if the managers have risen from the ranks of employees and are ambivalent about the value of unions in voluntary organisations (see also Orlans 1991: 125). In some parts of the nonprofit sector there seems to be a certain reluctance, especially on the part of the trustees, to accept unions as a legitimate voice for employees in this field.

This raises the subject of the distinctive character of the governance of nonprofits. Trustees invariably have a very high level of commitment to their organisations because, unlike the board members of for-profit organisations, trustees of nonprofits are unpaid. Their commitment to the mission and policies of their organisation is sometimes rooted in strong political or religious values, and these may influence the way they treat paid staff. For example, the trustees at the Saskatoon SPCA who were passionate about animal rights, put the care and protection of animals ahead of negotiating with striking employees. And the strike at the Salvation Army pitted employees against trustees who were mainly Salvationist clergy, supported by a Salvationist CEO. These clear-cut examples of the impact of trustees' strong beliefs on management style were not, of course, typical of the research findings as a whole, but other, less dramatic illustrations of the potential tension between the values of trustees, senior managers and staff were found in the research.

Limitations of the Study and Further Research

The first section of this chapter summarised the main empirical findings of the research; that is, the ways in which human resource management policies and practices differed in British and Canadian nonprofits. The second section outlined a set of arguments that analysed a number of inter-related contextual factors that seem to offer a plausible explanation for these differences. These explanatory arguments drew on the insights of the secondary literature reviewed in Chapters 2 to 4, as well as the empirical research. Taken together, they summarise the main original contribution of the study and - it is believed - comprise a satisfactory outcome to the primary objective and focus of the research identified at the beginning of the dissertation.

As with most research, however, some of the additional aims and expectations of the study have not been realised fully. In particular, in selecting the sample of case studies, it was hoped that the empirical research would reveal distinctive patterns of human resource management within each of the broad sub-groups in both countries, and not only different patterns between Britain and Canada. Whilst the research design and the quality of data collected seemed sufficient to allow fairly confident conclusions on the latter, this was not the case in relation to the former objective.

In retrospect, the selection of case study organisations - thirteen in each country, grouped into four broad categories of local advocacy, health, housing and foreign aid - did not provide enough cases to systematically explore the ways in which human resource management practices were influenced by the mission and objectives of the organisation. First, within each of the sub-groups, there were not enough cases to control for organisation size or other potential influences on management and, second, it was difficult to classify some of the organisations because they had more than one mission, or provided a variety of services. Thus, it was also more difficult to match the British and Canadian cases than had been expected. In future research it would not be

difficult to adopt a different strategy; for example, by comparing a representative (e.g. by size) sample of nonprofits engaged in social service provision and another in (say) foreign aid, or a sample of nonprofits whose mission was rooted in religious faith, and another in environmental radicalism.

There were, of course, other more practical limitations to the scope and coverage of the empirical research. The cost and time constraints on cross-national comparative research are formidable for doctoral research students, especially when the distance between the two countries - and between the researcher's home (Saskatoon) and the Canadian heartland (Toronto and Ottawa) - was so great. More frequent visits to the case study organisations and interviews with a wider sample of staff would have improved the quality of the data, especially in two important areas.

First, if there had been time to arrange interviews with a sample of trustees in each of the case study organisations more could have been written on the issue of nonprofit governance - especially on the relationship between trustees and senior managers. Second, the case study data did not differentiate sufficiently between human resource policies and practices targeted on 'core' staff (e.g. professional and technical) vis-à-vis more routine clerical or manual staff, and some analysis of the relationship between the management of paid staff and that of volunteers would have been interesting (e.g. in which circumstances are the latter ever used as substitutes for the former?).

The topic of human resource management in the nonprofit sector has been conspicuous by its absence in both the academic and professional literature. And therein hangs a tale. Like the dark side of the moon, it is unexplored territory but also a formidable and complex terrain. This dissertation has therefore been both a huge opportunity and a huge challenge - an opportunity in that everything is new and portentous, a challenge in that the templates with which to chart its meaning are few

and crude.

Yet, assuredly, this topic will become ever more important as the nonprofit sector is asked to take on an ever larger role in our society. Not only will organizations grow larger, requiring and attracting a higher calibre of human resources and its management, but also many of our most valued societal activities will be swept into its range. The Canadian government recently announced an initiative of close to \$100 million dollars to upgrade the capacities of the nonprofit sector. A key factor in the government's stated strategy to enhance the sector's capacity is the improvement of its human resource function – “harnessing, motivating, nurturing, managing and rewarding the individual and collective efforts of paid staff, volunteers and board members.”⁷

Having spent a large part of the last five years researching nonprofit organisations, I hope to have the time and energy to pursue some of the questions foregone in this dissertation. It will certainly be a rewarding and flourishing field of endeavour.

⁷ Government of Canada/Voluntary Sector Joint Initiative. 1999. “Working Together,” Report of the Joint Tables. Ottawa. (p. 31).

APPENDIX

Interview Questions

1. Who is the person being interviewed? The person's job title, where the job fits in the structure of the organisation, and how long the person has been in position, and who he or she reports to. Establish how many people work, and volunteer, in the organisation, whether or not it is a registered charity.
2. What are the major categories of paid staff in the organisation. How many are employed full time, part time; are there regional staff; what is the gender split among staff.
3. How do you select and recruit staff; do you advertise, if so how. Where do most recruits come from (the public or private sector). Is there an equal opportunities policy in the organisation and does it affect hiring.
4. Can the researcher look at a sample of the job descriptions for jobs. Does every job have a job description.
5. Do you conduct staff appraisals. How is this done, how often and what is done with the results.
6. Please describe the discipline you use here; have you ever had to fire anyone. What normally happens when someone does not adequately do his or her job.
7. Is there a salary grid, and may I see it. How is pay determined, are there merit increases. Is pay linked to performance. How does the pay measure up to other organisations in this sector, outside this sector?
8. What are the conditions of work, hours, holidays, maternity and parental leave, sick pay. What are the benefits here. Explain about the union and your relations with the union.
Has there been a strike or work stoppage.
9. About promotion: is there a career ladder, do people progress in their careers. What is the staff turnover rate. Explain about the training staff receive.
10. How many trustees are there, how often do they meet. How are committees structured and what is the relationship between trustees and paid staff.
11. How many volunteers are there, how are they used and what are their tasks. Is there a shop or trading section. What is the relationship between paid staff and volunteers.
12. Any other comments or questions.

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